

**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY STRATEGY IN
MANAGEMENT SYSTEM ON BRAND PREFERENCE
(STUDY CASE ON BANK MANDIRI BITUNG)**

*DAMPAK STRATEGI TANGGUNG JAWAB SOSIAL PERUSAHAAN DALAM SISTEM MANAJEMEN
TERHADAP PREFERENSI MEREK
(STUDI KASUS PADA BANK MANDIRI BITUNG)*

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Abstract: Corporate social responsibility (CSR) plays an important role in increasing the value of the company as a result of increased sales of the company by doing various social activities in the surrounding environment. The success of CSR in any organization depends on values correlation, social tendencies of the organization, and largely, the ethical tendencies. In this regard, banks are considered as the most sensitive organizations to CSR effects. The reason is that the banking industry is mainly responsible towards those sectors of government which are more complicated and distinctive than the other economic sectors. The aim of this study is to know and analyze the CSR affect the brand preference and how the commitment, reputation and transparency variable influence brand preference on Bank Mandiri Bitung CSR programs. This research is a causal type of research through questionnaires and uses multiple regression analysis. 100 respondents are the sample size of this research. The result shows that the independent variable which are reputation and transparency have simultaneously influence on brand preference as a dependent variable. Commitment variable shows that do not have significant influence on brand preference of Bank Mandiri Bitung.

Keywords: *corporate social responsibility, management system, brand preference.*

Abstrak: *Tanggung jawab sosial perusahaan (CSR) berperan penting dalam meningkatkan nilai perusahaan sebagai akibat dari peningkatan penjualan perusahaan dengan melakukan berbagai kegiatan sosial di lingkungan sekitarnya. Keberhasilan CSR dalam organisasi mana pun bergantung pada korelasi nilai, kecenderungan sosial organisasi, dan sebagian besar, kecenderungan etis. Dalam hal ini, bank dianggap sebagai organisasi yang paling sensitif terhadap pengaruh CSR. Alasannya, industri perbankan lebih bertanggung jawab terhadap sektor-sektor pemerintahan yang lebih rumit dan khas dari sektor ekonomi lainnya. Tujuan dari penelitian ini adalah untuk mengetahui dan menganalisis pengaruh CSR terhadap preferensi merek dan bagaimana pengaruh variabel komitmen, reputasi dan transparansi terhadap preferensi merek terhadap program CSR Bank Mandiri Bitung. Penelitian ini merupakan jenis penelitian kausal melalui kuesioner dan menggunakan analisis regresi berganda. Besar sampel penelitian ini adalah 100 responden. Hasil penelitian menunjukkan bahwa variabel bebas yaitu reputasi dan transparansi berpengaruh secara simultan terhadap preferensi merek sebagai variabel terikat. Variabel komitmen menunjukkan bahwa tidak terdapat pengaruh yang signifikan terhadap preferensi merek Bank Mandiri Bitung.*

Kata Kunci: *tanggung jawab sosial perusahaan, sistem manajemen, preferensi merek*

INTRODUCTION

Research Background

The practice of CSR is currently developing moderately. The number of companies doing CSR programs continues to grow and the institutions that reward the success of CSR programs that are practiced by companies are also emerging, this is due to the company's great awareness of the concerns and contribution to social problems as these companies for growth over time long and sustainable. With so many alternative communications media that can be used to disseminate information, the company can inform its customers, especially to its stakeholders about what social responsibility is right. CSR refers to the concept that business has a responsibility for the wider interests of society, not just the financial interests of the organization (Sen, 2001). Previous research has shown a positive relationship between CSR activities of the firm and the consumer behavior of the company and its products or services. Many benefits of the company with the implementation Corporate Social Responsibility (CSR), among other products increasingly favored by consumers and companies interested investors. Corporate social responsibility (CSR) can be used as a new marketing tool for the company when it is implemented continuously.

Webb and Harris (2001) examine the impact of Corporate Social Responsibility knowledge on consumer attitudes and purchasing decisions, as well as the influence of Corporate Social Responsibility in consumer decisions. Their findings suggest a significant relationship between CSR and consumer responses. Sen and Bhatta (2001) examine consumer reactions to Corporate Social Responsibility which show that, CSR will directly influence the intention of consumers to buy products or use the services of these companies. The main mission of social marketing is to influence social and human behaviors (Khorshidi and Moghadami, 2003). Polonsky and Jevons (2006) argue that companies that understand how to do CSR in enhancing their brand preferences will outperform their competitors. Implementation of CSR can be packaged to pursue a positive preference from consumers or as a highly effective corporate promotional tool. Companies that understand how to do CSR in enhancing their brand preferences will outperform their competitors.

After the Second World War, economy starts progressing fast as well as socio-environmental concerns, and business felt the need to have a role towards social issues (Carroll & Shabana, 2010; Sekhar Bhattacharyya, Sahay, Pratap Arora, & Chaturvedi, 2008). Firms started to acknowledge they have a responsibility towards society not just in terms of profit and started to understand that caring for Social Responsibility it was also relevant for their stability in the long run (Carroll & Shabana, 2010). Given the growing importance of Corporate Social Responsibility and its perception as a strategic move, its initiatives from firms are increasingly becoming part of the corporate strategic plans (Bloom & Gundlach, 2001; Sekhar Bhattacharyya et al., 2008), and efforts are being done in understanding how to reach consumers with CSR initiatives more effectively.

Most customers do not know that almost all companies nowadays engage in CSR, what prevents their ability to collaborate with firm's initiatives in this field and to generate positive attributions that improve their perceptions about the firm and its reputation. So, firms need to consider their overall marketing strategy as well as the position of CSR within it (Bhattacharya & Sen, 2004). Consumers have better reactions when the company has a good reputation and the cause chosen is not perceived as a natural fit for the company (Bhattacharya & Sen, 2004).

Research Objective

To know and analyze the CSR impact the brand preference in Bank Mandiri Bitung.

THEORITICAL REVIEW

CSR

CSR is defined as "management of stakeholder concern for responsible and irresponsible acts related to environmental, ethical and social phenomena in a way that creates corporate benefit" (Vaaland et al., 2008, p.931). From the perspective of researchers, corporate social responsibility are associated with the part of the firm's activities which beyond the financial interest. According to Aguinis and Glavas (2012) researchers have studied corporate social responsibility concept from one level of analysis at a time. Also corporate social responsibility concept social responsibility is mainly researched at the macro level compared to micro level. Carroll and Shabana (2010) reported that "the idea that business enterprises have some responsibilities to society beyond that of making profits of the stakeholders has been around for centuries".

Corporate social responsibilities has a close relationship with shareholder values. O'Rourke (2003) argued that "shareholder activities are moving the rhetoric of their activism out of the realm of ethics or good versus bad behavior and into that of traditional issues of profitability, risk and shareholder value". Hoeffler and Keller (2002) found that sound and well executed CSR programs could enhance customer-based brand equity by influencing users' judgments and perceptions. In a similar study, Sen and Bhattacharya (2001) measured consumers' responses and perceptions and found a positive relationship between a company's CSR activities and consumer evaluations of the company, as well as CSR's contingent effects on customer purchase intentions and product evaluation. Another study using secondary data found that CSR contributed to customer satisfaction and financial success (Luo and Bhattacharya, 2006).

Customers respond positively toward positive CSR practices under particular circumstances and react negatively to the lack of CSR practices or to negative or ineffective CSR practices (Brown and Dacin, 1997; Sen and Bhattacharya, 2001; Ricks, 2005). CSR activities can take many forms, such as diversity initiatives, recycling programs, the use of green materials, support of community events and donations of money to charitable causes (Sen and CSR and perceived brand quality Matthew Tingchi Liu et al. Bhattacharya, 2001).

Brand Preference

Brand preference is an essential point to understand main factors of selection brands in the view of consumers. Higher brand preference usually indicates more revenues or sales and profit, also making it an indicator of company financial performance. "Brand preference is closely related to brand choice that can facilitate consumer decision making and activate brand purchase" (Ebrahim, 2013). The concept of brand preference presents that customers tend to certain brands. Even when the alternative options are objectively analogous (Bronnenber et al., 2010).

Past researches about brand preference represent that this concept is depend on some factors such as cultural, social, psychological, personal factors of consumers, price, advertising, promotion (Ebrahim, 2013). The high level brand preference demonstrates the high level brand preferences consumers willing to use or buy products and services in particular brand, even he or she has to pay more cost or more effort to receive them. Brand preference is widely used to measure the effect of brand equity (c.f. Cobb-Walgreen *et al.*, 1995; Yoo *et al.*, 2000) and represents intention to choose and purchase a brand (Yoo *et al.*, 2000).

Brand preference is distinct from attitudinal loyalty (Mattila, 2001); however, both assume that consumers' strong beliefs about the brand cognitive structure enhance brand loyalty (Kim et al., 2011). Brand preference precedes consumer loyalty and influence attitudinal (Kim et al., 2011) and behavioral loyalty (Tolba and Hassan, 2009). Thus, loyalty can be perceived as a true measure of brand preference (Gupta, 1988; Hardie et al., 1993). The notion of preference has been considered by different disciplines, such as economists (e.g. Samuels, 1978), psychologists (Albanese, 1987) and sociologists (Tomer, 1996). However, there is no commonly-agreed definition of preference among these disciplines. For example, economists state that preferences are exogenous, stable, known with adequate precision and are revealed through choice behavior (March, 1978, p.589).

Consumer choices are based on well-defined preferences through which consumers can determine the set of alternatives from which they will make their choices (Louvière, 2000). The relationship between brand choice and brand preference is subject to market conditions (Sagoff, 2003). Marketing managers are more interested in brand preference than brand choice to signal repeated purchases, since consumer preferences tend to be constant across the different contexts, rather than choice limited to a specific context (Amir and Levav, 2008). Brand preference is important to companies because it provides an indicator of their customers' loyalty, the success of their marketing tactics, and the strength of their respective brands. There has been a long standing interest from marketers to understand how consumers form their preferences toward a specific brand.

Commitment

Organizational commitment can be distinguished from other forms of commitment, like occupational commitment, commitment to the union, commitment towards the goal and commitment to the team or leader, based on the target of commitment. Research has largely focused on commitment to the organization. Employee commitment to the team or leader is often considered a supplement of commitment to the organization (Becker, 1992). Argued that the organization is 'typically is viewed as a monolithic, undifferentiated entity that elicits an identification and attachment on part of the individual, while in reality an individual could have varying commitment profiles (Reichers., 1985: 469). She suggested that organizational commitment is best understood as collection of multiple commitments to specific foci. (Meyer and Allen, 1997) tested the multiple-constituency framework and found that global organizational commitment had fairly strong correlations with job satisfaction,

turnover intent and organizational citizenship behavior and increment in prediction contributed by commitment to specific foci was quite small. Commitment is a “stabilizing force that binds a person to a course of action.” (Porter et al., 1974: 603) . Organizational commitment, hence, remains the concept from which most of the other models of workplace commitment, except union commitment, have been developed (Meyer & Herscovitch, 2001).

Reputation

Reputation concept is neither a new nor an unknown issue, since it has been used in daily life, politics, business and in other contexts for a long time (Smaiziene and Jucevicius, 2009). With the publication of the first academic paper on corporate image creating in 1956 and the start of professional image making practice, as well as the highly acceleration of the modern image creating campaigns using public relations’ instruments in 1990s, a lot of companies aroused spontaneously for reputation concern (Smaiziene and Jucevicius, 2009).

Corporate reputation is based on employees’ experiences. These experiences are influenced by a firm’s culture and identity, in the sense that they shape the business practices and the relations between managers and key stakeholders. They state that a firm with strong, coherent cultures and identity is more likely to be involved in influencing the stakeholders’ perception, including the managers, which are also more engaged in attending the firm stakeholder’s view about them (Fombrun and Riel, 1997). Corporate reputation is an asset and creates mobility barriers in the market (i.e., once established reputation, it is difficult to imitate, impeding mobility) (Fombrun and Riel, 1997).

According to (Smaziene and Juvecius, 2009), there are three interrelated interpretations for corporate reputation based on resource-based view, competitiveness focus and stakeholders’ focus: The marketing view focus on consumers as the principal subject of analysis (Fombrun and Riel, 1997). To this kind of researchers, reputation is mostly labelled as brand image and is often treated as the force of attracting customers and encouraging their loyalty and also the factor that may influence selling buying processes (Smaziene and Juvecius, 2009). To Sociologists, corporate reputation is treated as social phenomenon and characteristics of modern society, as well as mechanisms of social control (Smaziene and Juvecius, 2009). They defend that rankings are social constructs that arise through the relationships that firms create with their stakeholders in a shared institutional environment. Therefore, reputations are the global assessments of a firm’s performance taking into account the expectations and norms in an institutional context, created by a huge range of interconnected actors (Fombrun and Riel, 1997).

In the accounting view is raised that reputations’ activities are the result of an adequate capitalization of expenditures. The investment in important intangibles assets coming from branding, training and research derive in higher reputational assessments among observers. Notwithstanding the accountants criticize the extend gap between companies’ market valuation and the real profits stated in annual reports (Fombrun and Riel, 1997).

Transparency

Transparency is morally important because it enhances an attitude of honesty, openness and a commitment to truth that is implicit in thinking on CSR. Thus, it has been argued that transparency enhances a sense of accountability and responsibility (Kaptein, 2003), again virtues relevant for CSR. Currently consumers often are too passive in this respect. More transparency, for example by labelling products, will confront consumers directly with the moral consequences of their choice and thus increase their willingness to pay for CSR products (Auger et al, 2003; see also Curlo, 1999). Transparency must also not disproportionately endanger the interests of the company that provides the information (Council for the Annual Reports, 2003). Transparency will only be efficient if the quality of the information is good and if the information can be provided at low costs. In the literature several procedural standards for transparency in social audits and social reports have been developed to secure the quality of information (Zadek et al, 1997; Wartick and Wood, 1999; Graafland, 2002).

Experts in social reporting have recently explored the various ways in which government may enhance CSR transparency (Hess, 2007). Geared to transparency politics, command and control policy means that the government regulates the transparency of companies by forcing companies to provide certain types of information (Kolk et al, 2001).

Previous Research

The impact of corporate social responsibility (CSR) performance and perceived brand quality on customer-based brand preference by Matthew Tingchi Liu, Ipin Anthony Wong, Guicheng Shi, Rongwei Chu, James L. Brock (2013). The mediating effect of perceived brand quality on the relationship between CSR

performance and brand preference is also studied. Customers' brand preference can be enhanced by CSR performance. Performance in each of the three CSR domains (i.e. environment, society and stakeholders) positively impacts brand preference, although to different degrees. The impact of CSR on stakeholders has the strongest influence on Chinese customers' brand preference among the three CSR domains. Perceived brand quality was found to be a mediator of the relationship between CSR performance and brand preference. This research studies the relationship between CSR performance and brand preference. Results show CSR performance is not the strongest predictor of branding outcomes, its explanatory power is comparatively weaker than that of perceived brand quality. Additionally, we found a mediating effect of perceived brand quality on the relationship between CSR performance and brand preference. Brands can be more attractive to Chinese consumers when brands take appropriate investments in CSR activities. A socially responsible brand is not guaranteed to yield a competitive advantage. Instead a competitive advantage will more likely result through the employment of the appropriate CSR strategies, with a focus on stakeholders' interests. Customers in emerging markets still appear to be focused more on the quality of brands and, to some extent, stakeholder CSR practice, as these provide direct benefits to customers. Findings of this study also support the notion that Chinese consumers are beginning to use CSR information to evaluate brands.

The impact of corporate social responsibility (csr) On the brand preference in banking industry. The Case Study: Banks Of Mellat And Refah In Iran. This article the impact of CSR on the brand preference in banking industry that it has been investigated as the case study in two banks, Mellat and Refah, in Tehran-Iran. The research variables consist of transparency, commitment, the type of CSR program, and the brand's perceived quality. The variables of "transparency", "commitment", and "CSR program type" have been considered to assess the effects of CSR while the variable of "brand's perceived quality" examines the power of CSR actions. Since the previous communications of a company with its clients (in relation to CSR) are likely to affect the brand preference, the variable of "CSR reputation" has been also considered in the conceptual model of the research. Identification and utilization of conditions are necessary for any company which makes investments in CSR. In Iran, CSR is a new field and few studies have been conducted in this regard, especially there is no research about the impact of CSR on the brand and its preference. Considering the increasing importance of CSR, it is needed for banks to pay attention to different aspects of CSR.

Study of the Enhancing Brand Preference Through Corporate Social Responsibility in Banking Industry by Elham Taghipour, Arshad Hedayati, Arvin Fouladifar (2016). This study seeks to discover the impact of corporate social responsibility initiatives on enhancing brand preference in Iranian banking industry-case of bank Pasargad. In this research , for types of CSR activities (according to Carroll's Model 1979) were tested against a predictor variable of perceived brand quality and moderated by age, education, familiarity with CSR and tendency to CSR. These dimensions of CSR activities are "economic, legal, ethical, and discretionary (philanthropic)". The research instrument of this study is the questionnaires were completed and returned. The result are showed that CSR activities have an effect on brand preference. Discretionary and legal responsibilities are ranked first and second in influencing the brand preference among CSR dimensions. Economic and ethical responsibilities, with the same effect, are next in rank. The effect of perceived brand quality on brand preference is much stronger than the effect of CSR on brand preference. Also age, education, tendency to CSR and familiarity with CSR don't moderate the relationship between the CSR activities and brand preference.

Conceptual Framework

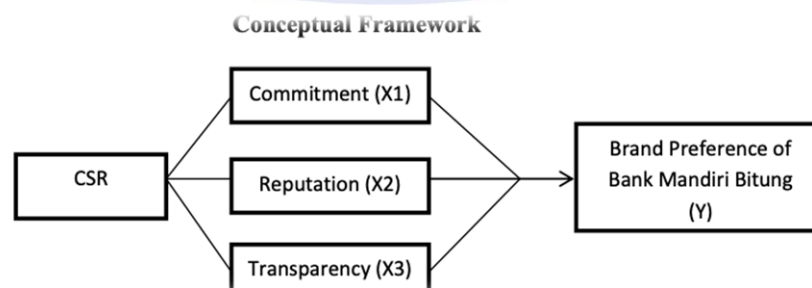


Figure 1. Conceptual Framework

Source: Data Processed, 2017

This research is conducted to see the impact of corporate social responsibility factors on brand preference of Bank Mandiri Bitung.

Research Hypotheses

This is the statement created by researcher when predicted the result of the research.

H1: Do CSR has significant impact to brand preference of Bank Mandiri Bitung simultaneously.

H2: Does commitment of the company to CSR have significant impact to brand preference partially.

H3: Does CSR reputation have significant impact to brand preference partially

H4: Does transparency of CSR have significant impact to brand preference partially

RESEARCH METHOD

Type of research

For good results in determining research methods, this study uses quantitative approach in the form of associative because of the influence of CSR (X) on brand preference (Y). The population in this research is credit customers of PT. Bank Mandiri Persero in Bitung City respondents in this study. Sample determination technique used in this research is purposive sampling. Additional methods of data and dissemination by respondents, then calculated using Likert scale. Data analysis technique used in this research is multiple linear regression analysis with classical clinical test and hypothesis test. Since the study is a cross-sectional survey and the results obtained from the population are likely to change over time, the research findings are specific to time range of this study.

Place and Time of Research.

This study will be conducted in Bitung and the time of research is for about 3 months (October until December) 2017.

Population and Sample

Hanlon and Bret (2011) a population is all the individuals or units of interest; typically, there is not available data for almost all individuals in a population. Given that Bank Mandiri has been chosen as the case study in this research, the statistical population is composed of all savings customer of Bank Mandiri in Bitung City.

Data Analysis Method

Validity and Reliability Test

Test the validity that has been done to find out whether the measuring tool is arranged can be used to measure what is right. Test the validity of the items of statements contained in the questionnaire is done by correlating each variable in the validity test. Reliability test is a test to measure a questionnaire that is an indicator of a construct. A questionnaire is said to be reliable or reliable if one's response to a statement is consistent. A good instrument will not be tendentious to direct respondents to select specific answers.

Multiple Regression Model

Multiple regressions are a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval-scaled dependent variable (Sekaran, 2009). The formula of multiple regressions models in this research is shown as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Description:

Y	=	Brand Preference (Dependent Variable)
α	=	The constant, when all independent variable equal to 0
$\beta_1 \beta_2 \beta_3$	=	The slope for each independent variable
X_1	=	Commitment (Independent Variable)
X_2	=	Reputation (Independent Variable)
X_3	=	Transparency (Independent Variable)
e	=	Error

RESULT AND DISCUSSION

Validity and Reliability Result

Validity Test

Table 1. Validity Test Result

		Comm itment	Reputa tion	Transp erency	Brand Prefere nce	TOTAL
Commitment	Pearson	1	1.000**	.610**	.520**	.836**
	Correlation					
	Sig. (2-tailed)		.000	.000	.000	.000
	N	100	100	100	100	100
Reputation	Pearson	1.000**	1	.610**	.520**	.836**
	Correlation					
	Sig. (2-tailed)	.000		.000	.000	.000
	N	100	100	100	100	100
Transparency	Pearson	.610**	.610**	1	.625**	.862**
	Correlation					
	Sig. (2-tailed)	.000	.000		.000	.000
	N	100	100	100	100	100
Brand Preference	Pearson	.520**	.520**	.625**	1	.806**
	Correlation					
	Sig. (2-tailed)	.000	.000	.000		.000
	N	100	100	100	100	100
TOTAL	Pearson	.836**	.836**	.862**	.806**	1
	Correlation					
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	100	100	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output (2018)

From the result it can be seen that value of correlation index for relation among variable independent (Commitment, Reputation and Transparency) with variable dependent (Brand Preference) are greater than 0.3

and below significant level of 5% (0.05). The correlation between Commitment (0.836), Reputation (0.836), Transparency (0.862) with Brand Preference (0.806) show a positive relationship. Therefore, the data is considered as valid.

Reliability Test

Table 2. Reliability Test Result

Cronbach's Alpha	N of Items
.882	4

Source: SPSS Output (2018)

Table 2 shows that the value of alfa cronbach is 0.882, which is means that is above acceptance limit of 0.6. Therefore, the research instrument for relationship among the variable indicates good consistency and the data is acceptable.

Multiple Regression Analysis**Table 3. Multiple Regression Analysis**

	Model	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	2.645	.878		3.011	.003		
	Commitment	.090	.072	.123	1.263	.210	.568	1.760
	Reputation	.314	.097	.345	3.245	.002	.480	2.085
	Transparency	.286	.099	.313	2.901	.005	.467	2.140

Source: SPSS Output (2018)

From the result in the table above, the model define as:

Brand Preference

$$= 2.645 + 0.090 x_1 + 0.314 x_2 + 0.286 x_3 + e$$

The following interpretations can be made from the model of multiple linear regression:

Constant value of 2.645, means that if values of independent variables are zero (0), the Brand Preference (Y) value would be 2.645;

Standard Coefficient Value of 0.090 for Commitment indicates that if all others independent variables are constant and this independent variable increased by one scale or unit, the dependent variable of Brand Preference would increase by 0.090;

Standard Coefficient Value of 0.314 for Reputation indicates that if all others independent variables are constant and this independent variable increased by one scale or unit, the dependent variable would increase by 0.314;

Standard Coefficient Value of 0.286 for Transparency indicates that if all others independent variables are constant and this independent variable decreased by one scale or unit, the dependent variable would increase by 0.286;

Discussion

This research was conducted using multiple regression analysis. In the multiple regression method, regression procedures must to decide the variable into two variables which are dependent and independent variable. To get an accurate result from multiple regression method which is purpose of this research, the researcher analyzed the impact of Corporate Social Responsibility on Brand Preference. And has Brand Preference as dependent variable to be measured by independent variables which are Commitment, Reputation and Transparency. In this research found that Commitment has not a significant impact for Brand Preference. According to Maignan, I., Ferrell, O.C. and Hult, G.T.M. (1999), Sometimes the organization's commitment is based on a continuous long term approach to CSR, but sometimes the CSR activity is a reaction to an unexpected event. The Commitment is not match with Brand Preference, makes the Commitment has not a significant impact on Brand Preference.

In this research found that Reputation has a significant impact for Brand Preference. There are some factors moderating the proposed relations. Okoye (2009) believes that the impact of CSR is changed based on the groups of beneficiaries. In fact, three specifications of a customer including the age, cultural values, and tendency to CSR can affect the relation among CSR actions, the perceived quality of a brand, the CSR reputation, and the brand preference. In this study, the factor of age is selected to test the impact of customers' specifications on the relation among CSR actions, the perceived quality of a brand, the CSR reputation, and the brand preference. The reputation is match with brand preference, makes the reputation has a significant impact on Brand Preference. Investigate views and feelings on topics of world, local, moral, economic and social events of society, values and attitudes, stage of economic development, law and relationships, transparency have an important role to empowering trust and build society in banking industry. It can make many impacts to a company that can realize transparency. In this research found that Transparency has a significant impact for Brand Preference. The transparency match with brand preference, makes the transparency has a significant impact on Brand Preference.

CSR performance is an important predictor of brand preference, the causal relationship between management system, introduced as a mediator, and brand preference is even stronger. This study also suggests

that enhancing customers understanding about brand preferences CSR performance and strengthening customers brand quality perception will be a good way to increase customers brand preference. Another contribution to the literature is the effect of each domain of CSR performance on brand preference. The findings reveal that CSR to stakeholders has the strongest influence on bank customers brand preference among the three CSR domains analyzed. One possible reason might be that because bank customers are by definition stakeholders, bank CSR to stakeholders is more relevant – and therefore more valuable – to them. On the other hand, bank customers currently regard societal and environmental CSR practices. These two CSR domains are relatively less well-known and/or more difficult to evaluate due to their complex nature and lack of information. In this case, customers probably show a lower level of sensitivity to CSR matters if their awareness is more limited.

Bhattacharya & Sen, (2004) point out that CSR may lead to brand preference in terms of purchasing, but only under certain conditions: “when the consumer supports the issue central to the company’s CSR efforts, when there is a high company to issue/cause fit, when the product itself is of high quality, and when the consumer is not asked to pay a premium for social responsibility.”

CONCLUSION AND RECOMMENDATION

Conclusions

After examining the findings and discussing the result, the conclusions based on this research can be concluded as follows:

1. The corporate social responsibility can slightly improve the Brand Preference, but the effects depend on the team work in company and the employee to realize the programs to the customers and society.
2. The commitment to corporate social responsibility do not significantly affect Brand Preference significantly.
3. The reputation to corporate social responsibility strongly affect the Brand Preference significantly.
4. The transparency of corporate social responsibility strongly affect the Brand Preference significantly.
5. The corporate social responsibility actions can be significant and more effective under certain conditions, so the bank need to select their target audiences carefully to take advantage of these activities optimally.

Recommendation

Based on the conclusions that have been put forward, there are recommendation that can be useful as suggestions, which are listed as follows:

1. The company needs to create a clear picture regarding the concept of banks corporate social responsibility and the activities which are in relation with banks corporate social responsibility. The company also must show the importance and benefit of following the program in promotional messages and advertisements in Bitung.
2. The corporate social responsibility based business, company need to increase the information of organization and companies. It is importance also to participate in activities such as school construction, road building, and hospital construction to support more.

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