

The Influence of Corporate Social Responsibility, Reputation and Customer Satisfaction Toward Tourism Loyalty on Karanganyar Regency

I Gusti Putu Diva Awatara¹, Samsi², Anwar Hamdani³, Linda Nur Susila⁴

Sekolah Tinggi Ilmu Ekonomi Adi Unggul Bhirawa^{1,3,4}

Jl. Mester Sartono No.46, Nusukan, Kec. Banjarsari, Kota Surakarta, Jawa Tengah
57135

Universitas Surakarta²

Jl. Raya Palur No.5, Jurug, Ngringo, Kec. Jaten, Kabupaten Karanganyar, Jawa
Tengah 57772

Correspondence Email: gruppe_cemara@yahoo.co.id

ABSTRACT

This study aims to analyze the role of corporate social responsibility and support for tourist visitor loyalty which is mediated by visitor satisfaction in Karanganyar Regency. This research is a survey conducted in Karanganyar Regency. The sample used in this study was 100 respondents. The sampling method used was purposive random sampling. Data collection techniques used were questionnaire, observation and documentation. Data analysis techniques used research instrument tests that included validity and reliability tests; linearity test and path analysis test. The results of this study indicate that social responsibility and positive ownership of visitor satisfaction. Social responsibility, satisfaction and satisfaction of visitors to visitor loyalty. The influence of corporate social responsibility and commitment to visitor loyalty is mediated by visitor satisfaction.

Keywords: Corporate Social Responsibility, Customer Loyalty, Customer Satisfaction, Reputation

INTRODUCTION

Unlike tangible products, destinations are multidimensional and can deliver different tourists different experiences. Destinations are seen as intangible products, and thus, subjective, and depending upon the route of travel, culture, purpose of the visit, educational level and past experience of visitors. For this reason, destination brands become higher risks because much of what creates the brand can be changed some- times by quite simple human-induced influences, natural events, or, sometimes, purposeful intervention. Another factor here is that destinations are unique and not traded in the market. Thus, other destinations cannot directly determine the destination brand equity. Rather, the brand equity must be assumed as based upon expenditures, tourists' revisit versus renewal ratios and visit rates overall (Szymanski and Hise, 2000).

To understand what the tourist's loyalty depends on and how it is formed has become a maxim for managers of tourist firms and destinations. Loyalty is considered to be the best predictor of future behavior and a source of competitive advantage and success in the market (Gursoy, Chen, & Chi, 2014; Sun, Chi, & Xu, 2013). Therefore, a tourist destination, the same as any organization, must attract and retain its target market (Gursoy et al., 2014). Under this perspective, the comprehension of the

elements which determine the loyalty toward a destination and the way in which they inter-relate to determine loyalty has become a fundamental matter. Numerous studies have tackled this question and have proposed elaborate models of structural relations (Forgas-Coll, Palau-Saumell, Sánchez-García, & Callarisa-Fiol, 2012; Prayag & Ryan, 2012; Zhang, Fu, Cai, & Lu, 2014) which show the role that expectations, image and perceived value (Faullant, Matzler, & Fuller, 2008; Um, Chon, & Ro, 2006), satisfaction (Bigné, Sánchez, & Sánchez, 2001; Chen & Tsai, 2007; Poria, Reichel, & Cohen, 2011; Wang, Wu, & Yuan, 2010; Yuksel, Yuksel, & Bilim, 2010) and perceived quality (Olorunniwo, Hsu, & Udo, 2006) have in the generation of loyalty toward the destination.

The expansion and growth of tourism can also have a strong influence on the business performance of the hotel industry. On the one hand, the expansion of industry or tourism activities directly increases the development of the hotel industry, increasing the occupancy rate and, consequently, sales revenue. On the other hand, the development of tourism can significantly improve the business environment, which has an indirect effect on the business performance of hotel companies. Researches carried out by several authors have shown that the expansion of tourism can boost the economy and that tourism growth leads to a better financial performance (Dritsakis, 2004; Fayissa, Nsiah, & Tadasse, 2008; Lee & Chang, 2008; Proenca & Soukiazis, 2008; Chen, 2010). The study developed by Chen (2007) showed that the growth of tourism improves economic conditions which, consequently, increases the performance of companies.

Most works define destination loyalty in relation to the intention to revisit and the intention to recommend (Chen & Gursoy, 2001; Chi & Qu, 2008; Chi, 2011; Oppermann, 2000; Pike, 2010; Prayag & Ryan, 2012; Yoon & Uysal, 2005). Loyalty is multidimensional, behavioral and attitudinal components having the greatest acceptance. From the first perspective, loyalty is reflected in repeat purchases, while attitudinal loyalty considers recommendations to friends and family. If both aspects are considered the construct is predicted better (Dimitriades, 2006) and a more exact representation of the tourist's loyalty is provided (Chen & Gursoy, 2001). When exclusively contemplating a tourist's behavior through repeated visits to a destination, this may not really reflect loyalty in the area which we are dealing with. When tourists travel with the motive of having a new experience, it is unlikely for them to repeat the visit to a destination, so destination loyalty may not involve repetition (Iso-Ahola, 1982). Destination loyalty is a key element in marketing strategies in so far as it is the best predictor of post-visit behavior (Chen & Chen, 2010). This loyalty is achieved by surpassing the tourists' expectations, providing unique experiences and assuming a commitment with these tourists. At the same time as valuing their opinions and reducing the effort to deal with the problems which arise during the relationship, they must be considered as unique customers (McGarry, 1995). The response of these tourists is seen in their favorable intention to revisit the destination and to give positive references about it in their close environment (Mohamad, Ali, & Ghani, 2011).

RESEARCH METHOD

This research is a survey conducted in Karanganyar Regency. The sample used in this study was 100 respondents. The sampling method used was purposive random sampling. Data collection techniques used were questionnaire, observation and documentation. Data analysis techniques used research instrument tests that included

validity and reliability tests; linearity test and path analysis test. The equation of the path analysis model is as follows:

$$Y1 = \beta_1 X1 + \beta_2 X2 + e1 \dots \dots \dots (1)$$

$$Y2 = \beta_1 X1 + \beta_2 X2 + \beta_3 X3 + e2 \dots \dots \dots (2)$$

Keterangan:

X1 = Corporate Social Responsibility

X2 = Reputation

Y1/X3 = Customer Satisfaction

Y2 = Customer loyalty

RESULTS AND DISCUSSION

Results

Tests using the research instrument validity and reliability, while the feasibility model using linearity test. The test results of the research instruments and feasibility of this model can be seen in Table 1 below:

Table 1. Testing Instrument Research & Feasibility Model

Testing	Test	Tool	Variables	Status
Research instrument	Validity	Product moment	Corporate responsibility	Valid
		Product moment	Reputation	Valid
		Product moment	Customer satisfaction	Valid
		Product moment	Customer loyalty	Valid
	Reliability	Cronbach alpha	Corporate responsibility	Reiabel
		Cronbach alpha	Reputation	Reiabel
		Cronbach alpha	Customer satisfaction	Reiabel
		Cronbach alpha	Customer loyalty	Reiabel
Model Feasibility	Linierity test	Langrange multiplier	Corporate responsibility, reputation, customer satisfaction, customer loyalty	Linier

Sources: data analysis, 2020

Test results using the research instrument validity and reliability tests indicate that all variables in the status of the study valid and reliable, while testing the feasibility of the model shows that the model is a linear model of research. The test results showed that path analysis:

$$Y1 = .465X1 + .657 X2 + e1 \dots \dots \dots (1)$$

(.000) *** (.000)***

$$Y2 = .521X1 + .659 X2 + .573 X3 + e1 \dots \dots \dots (2)$$

(.001) *** (.000) *** (.000)***

Note: ** = significant at the 5% level

*** = significant at the 1% level

The results of the influence of direct, indirect and total can be seen in the following table:

Table 2. Result of Direct, Indirect and Total Effect

Description	Direct Effect	Indirect Effect	Total Effect
Corporate social responsibility – Customer loyalty	b3 = .521		b3 + (b1 x b5) = .521 + .266 =
Corporate social responsibility – customer satisfaction – Customer loyalty		b1 x b5 = .465 x .573 = .266	.787
Reputation – Customer loyalty	b4 = .659		b4 + (b2 x b5) =
Reputation – customer satisfaction – Customer loyalty		b2 x b5 = .657 x .573 = .376	.659 + .376 = 1,035

Sources: data analysis, 2020

The results of direct and indirect effects indicate that:

1. The direct effect of the corporate social responsibility toward customer loyalty more dominant than the influence corporate social responsibility toward customer loyalty through customer satisfaction.
2. The direct effect of reputation toward customer loyalty more dominant than the influence reputation toward customer loyalty through customer satisfaction.

Discussion

These results indicate that an increase corporate social responsibility, especially these consumers relate to the social dimension of the brand through different complementary variables: increased enjoyment of social satisfaction, increased recognition of the brand's social awareness, and social behaviour encouraged through loyalty as a variable in turn composed of positive reactions in attitudinal loyalty, purchase intention, level of expenditure and intention to recommend. The CSR actions of sportswear brands increase the intensity of the positive relationship between CSR and loyalty through satisfaction. The role of CSR as a source of competitive advantage is confirmed by the increase in brand value and differential positioning through greater consumer satisfaction of the firm's social actions. Second, it is important to construct marketing strategies that integrate CSR with consumer orientation using the two dimensions of the model validated in the study (satisfaction and the many dimensions of loyalty) and do so in an integrated way.

Reputation is acknowledged as one of central determinants of consumer loyalty. Corporate reputation not only motivates the existing customers to adopt favorable attitude, but also to potential customers. Potential customers conceive idea about corporations from their advertisements and from other sources for instance word of mouth from existing customers. Building strong corporate is more important in the context of service organizations who are not offering tangible products to customers. Therefore, service providing organizations uses corporate reputation as a tool to mold consumer behavior for repetitive purchases from the organizations. Tang and Weiwei (2007) stress the significance of corporate reputation for service industries more important than those providing tangible products. Corporations are increasingly working hard to build positive image and good reputation in the community. Loyalty increases the action of repeat purchase by customer, thus increases the profitability of the organization for a long term period. Descriptions of customer loyalty includes, being an

unofficial spokesperson to near relatives and friend, recommending them to buy and consume the product or spread positive news about experience of consuming the same product or positive word-of-mouth. Customer loyalty is the crucial driver in determining business growth, while some have even suggested that loyalty is much more needed than customers' satisfaction (Taylor et al, 2004). Nurturing customer loyalty is the most effective business strategy for business survival, especially in a saturated and highly competitive market.

CONCLUSIONS

The conclusions that can be generated are:

The direct effect of the corporate social responsibility toward customer loyalty more dominant than the influence corporate social responsibility toward customer loyalty through customer satisfaction.

The direct effect of reputation toward customer loyalty more dominant than the influence reputation toward customer loyalty through customer satisfaction.

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