Customer Loyalty Establishment Model based on Corporate Social Responsibility (CSR) Program in Timor Leste

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Abstract

This study aimed to analyze customer loyalty based on Corporate Social Responsibility (CSR) as companies commitment to Timor Leste (Social Care Based Loyalty). The research model was developed through research variables to fill the research gap between CSR and Loyalty by customer trust mediation, country of origin, and social demographic as a moderating variable. SEM analysis was used to analyze the data for hypothesis testing. The finding presented that Social Care Based Loyalty concept is proven. This is indicated by the company's values, which underlie CSR implementation; country of origin moderate the relationship CSR for loyalty establishment and customer trust to mediate CSR to increase customer loyalty of domestic and foreign companies in Timor Leste. The implication is based on the research that customers expect the best additional value obtained from the products/services selection by always providing excellent service based on market demand but still caring about the surrounding community as corporate citizenship implementation.

Keywords

Customer Loyalty, Corporate Social Responsibility, Social Care based Loyalty, Customer Trust, Country of Origin, Social Demography.

Introduction

The globalization era is marked by rapid science and technology development, which requires companies to be more creative and innovative to run and win the business competition. One of the requirements to be the winner in such competition is conducting business practices based on business ethics principles, both morally and norms that contain corporate social responsibility components, known as CSR. CSR concept began to be known since Howard R. Bowen wrote his book, Social Responsibilities of The Businessman in the era of 1950-1960 in the United States, so that the concept continues to grow today.

CSR is a company concept committed to having responsibility for customers, employees, shareholders, communities, and the environment in all aspects company's operations. Other perspectives, the essence of the resource-based view itself, describe how far the company is acquiring resources to implement an appropriate strategy to win the market competition based on Barney's explanation. Savitri & Indarto (2020) said that foreign companies' resource is a company value, company culture, and company compliance (Tax, legal guideline, CSR, etc.). The CSR program has been widely studied in developing countries, such as Angola, Ghana, Pakistan and also Indonesia as a country of which Timor Leste was once a part of (Kresno and Bernardinus, 2012).

Timor Leste is a new country with about 14,945 km2 and a population of 1,183,643 people in 2015. Company in Timor Leste, surely implementing business strategy and CSR is something relatively new strategy. Since 2002, domestic and foreign companies have carried out business activities in Timor Leste. The number of companies operating in Timor Leste until 2015 was 8,817 companies. Some domestic and multinational companies operating in Timor Leste have implemented CSR programs (Business Timor, 2014). The CSR programs include free internet on university and open spaces, book publications, beach cleanliness, city cleanliness, tour de Timor, relaxing bikes, scholarships, health activities, cultural arts activities, international seminars, choirs, Timor Leste Idols, football league matches, school equipment, sponsors of student comparative studies, cheap pulses for school children and tree planting (Business Timor, 2014).

When they implemented the CSR program, the company's seriousness indicates the controversy about the effectiveness that could increase customer loyalty. Continuing to review the seriousness, especially in developing countries shows that companies that operated extractive industries can express their commitment to implementing CSR principles. Still, in reality, there is just rhetoric. The contradiction between rhetoric and reality is the attribute that makes it possible to apply CSR. Moreover, these companies show that they are not fully integrated with CSR in their business model. This can be seen from cost and benefits project assessment, project and technology selection, respect for community norms, and performance incentive structures. The real situation that CSR was implemented aimed to increase customer loyalty, but this seriousness of CSR implementation was a dilemma for companies, especially in developing companies. Companies who want to undergo CSR commitments are faced by the people who still emphasize traditional criteria such as price and quality (Nur and Afandi, 2015). On the other hand, the company's commitment to CSR looks at cost and benefit considerations. It looks at the companies characteristics such as monopoly companies that are providing clean water services (Nur and Afandi, 2015), the customer need for clean water. They have no thinking about the company's reputation, whether committed to CSR or not.

Timor-Leste has belonged to a developing country and is categorized as a new decade separating from Indonesia; it surely has managed its country independently. Companies have operated for almost 15 years there. The commitment to implementing the CSR program described earlier has proven a distinct perception in maintaining long-term business continuity in Timor Leste. But the paradigm regarding CSR commitments in developing countries cannot be separated from Timor Leste. That's why it needs further identification regarding the commitment to implementing CSR and the advantages of increasing customer loyalty for long-term company sustainability. From that opinion, the research model about CSR's effect on customer loyalty is worth studying in Timor Leste.

Based on previous research about CSR towards customer loyalty, the gap phenomenon described previously has controversial results. Customers will be loyal to companies that implement CSR programs (Patricia et. Al., (2013). Customers will not be loyal to companies that carry out CSR programs (Yaoqi et. Al., 2019). The above research gap requires a solution in reviewing CSR commitment seriousness and dilemmatic in establishing customer loyalty in new and developing countries such as Timor Leste. The point is analyzing company characteristics with the values adopted by each company. Each company certainly thinks hard at fair, competing by increasing the reputation to be the final customer choice. Therefore, The concept built in this research model is loyalty that used social care based. Regarding the gap, certain factors indicate a solution to fill it. First, It is

important to examine company value underlying CSR commitment. Also, prioritize customer trust acquisition by implementing CSR programs and finally reviewing trust based on customer perception about company characteristics according to the country of origin and customer social demographic. So this research used customer trust as a mediating variable, then the country of origin and customer social demographic as a moderating variable.

Based on the gap phenomenon that shows the company's no seriousness and dilemma of the CSR programs commitment that is indicated to increase customer loyalty for long-term goals and based on research gaps in previous studies that show inconsistencies results between CSR and customer loyalty, the problems in this research are: how to establish CSR-based Customer Loyalty in a new and developing country in Timor Leste?

Literature Review

Stakeholder Theory

Companies are not entities that only operate for their interests but must provide benefits to stakeholders (shareholders, creditors, customers, suppliers, government, society, analysts, and other parties). The company's existence is strongly influenced by stakeholders' support. Stakeholders are a group or individual who can receive the impact or be affected by the results of the company's goals (Freeman, 1984).

According to Roberts (1992), stakeholder's concept is divided into three: the corporate planning model, second, business policy, and corporate social responsibility. Social environmental responsibility disclosure is part of communication between the company and its stakeholders. Therefore, when stakeholders control critical economic resources for the company, the company will react in a way that satisfies stakeholder desires.

Social Contract Theory

Every society member is an inseparable part of a union; customers interact to realize the general will (volonte generale) under the highest authority. This mechanism is called a social contract. Schouten (2013) revealed Congo state failure; one reason is caused by social contract destruction. As a country experienced, this theory is believed that the company can only conduct its business activities properly if supported by the surrounding community. In this case, the company will be considered a social institution was contributing to its social environment. The social contracts approach as a basis for holding operation has often been used by companies as strategic management.

Citizenship Theory

Citizenship theory is a form that underlies the CSR concept / corporate citizenship (Carrol, 1991). There is a kind name of corporate responsibility that should be obligated by Limited Company. Citizenship basis is often used as the fulfilling concept for a particular entity's rights and obligations. This concept grew initially into real rhetoric in tackling or preventing environmental issues that are developing as a cooperation form between companies and communities (Carrol, 1999). It concerns social responsibility and involves the company's accountability to society, the national and international world (Carrol, 1999). A strong citizenship concept implanted in a corporation can maintain the business viability that will provide long-term advantages for all stakeholders.

Social Psychology Theory

This theory is proposed by sociologists, who focus more on relationships and influences between individuals associated with their social behavior. So it prioritizes group behavior besides individual behavior. A person's desires and behavior are formed by the community groups where they become a member and group (Dharmesta et al., 2013). From a psychological perspective, this theory is based on individual psychological factors that are always influenced by personal and environmental forces. This psychology scope is complex and analyzes human behavior because mental processes cannot be directly observed. This theory can be derived from customer behavior theory related to the fulfillment level of repeated customer's needs with choices. Such behavior makes customers behave to have goods and services to satisfy their needs and desires based on their respective motives (Dharmesta et al., 2013).

Customer behavior can be encouraged by individual social psychology in deciding to use a product. Suppose the product/service using a pattern is needed continuously. In that case, the customer will psychologically feel the perception adequating the product/services provider's expectations to be evaluatively responded, which is then implied in the attitude when making the second decision. If the evaluation of product/services is based on expectation, it will indicate the same decision.

Reason Action Theory

This theory is based on assumptions that humans generally do things in ways that make sense, consider all the information that exists, and explicitly or implicitly consider their actions. Reasoned Action Theory includes the attitudes toward behavior, behavior norms, and behavior or actions taken (Ajzen, 2005). The first definition of attitude is the mind

frame represented by psychologists such as Louis Thurstone, Rensis Likert, and Charles Osgood. According to Thurstone, Likert, and Osgood, attitude is an evaluation or reaction of feeling that supports or does not support something. Experts such as Chave, Bogardus, La Pierre, Mead, and Allport, whose attitude concept is more complicated, represent the second group. According to this group's opinion, attitude is a kind of readiness to act on an object in specific ways. It can be said that the intended willingness is a potential tendency to react in a certain way if the individual is faced with a stimulus that requires a response. A third group opinion is a group that is oriented to the Triadic Scheme. An attitude is a negative constellation, affective, and conative component. They interact with each other in understanding, feeling, and behaving towards an object. The cognitive part is a representation of what is believed by the individual attitude. The affective component is a feeling that relates to the emotional aspect. The conative element is a tendency to behave in a certain way according to someone's attitude.

Subjective norms are individual beliefs about standards, people around them, and personal motivation to follow these norms. There are two main aspects: expectations belief and reference expectations norms. Expectations belief is the other party's views that are considered necessary by individuals who suggest individuals do or ignore specific behavior. Reference expectation belief is the motivation of an individual's willingness to implement or not about others' opinions or thought necessary that an individual should or should not behave. The behavior value belongs to intention. The intention is the tendency of someone to choose to do or not doing a job. This intention is determined by how far an individual has a positive attitude towards certain behaviors and what will happen if he/she chooses to do certain behaviors within the support of the others who influence his/her life.

Triple Bottom Line

The term Triple Bottom Line was popularized by Elkington (1997). Through his book Cannibals with Forks, The Triple Bottom Line of Twentieth Century Business, Elkington developed the Triple Bottom Line concept in economic prosperity, environmental quality, and social justice. This theory connects the relationship between social care and customer loyalty. This social concern is assumed to be a CSR commitment that cares about the community and the environment and cares for the company profit itself. At the same time, economic prosperity is assumed to survive shared prosperous economic terms. Survival is mapped into potential companies with customers who are always loyal. Companies that want to sustain and competitive must pay attention to "3P". Besides pursuing (profit), companies should pay attention and be involved in fulfilling people's welfare (people) and contribute actively in preserving the environment (planet) (Elkington, 1997).

Effect of Corporate Values on CSR

Prince of Wales Business Leaders Forum (London) in 1999 surveyed 25,000 respondents in 23 countries. The result showed that 60% of respondents said that business ethics, employee welfare, the company's impact on the environment, and CSR commitment are determined by company value. Based on the Millennium Pool survey results on CSR in 23 countries, the results showed that 40% of respondents wanted to punish companies that were not considered implementing CSR, and 50% of respondents stated that they would not buy company products or services and would disseminate corporate ugliness that did not implement CSR. CSR implementation contains ethical values, caring for others, honesty, mutual cooperation, openness, and excellent service, that has been previously observed that these corporate values are called core values as company foundation; they are permission to play values, aspirational value, accidental values (Lencioni, 2007).

The firm realizes that company survival depends on the relationship among trust, the community, and the environment in which the company operates. CSR is a manifestation of trust, care, and company sensitivity to improve the community's life quality, the environment, and CSR. It is also an investment effort part that supports business sustainability developed by the company. The social contract theory shows three components: economic, social, and legal that must hold together (Savitri, F.M. and Naili, Y.T., 2020). The CSR program proves to stakeholders (Stakeholder theory) that companies can provide social responsibility to all elements such as society directly or indirectly, comply with government, concern for employees, and increase creditor confidence (Freeman, 1984). Ceja and Tapies (2011) explain that corporate value can guide world-class businesses from policies and strategies implementation. Based on the relationship between company values and CSR efforts, the following hypotheses are formulated:

H01: Corporate Values do not have a positive influence on CSR.
Ha1: Corporate Values have a positive influence on CSR.

The Effect of CSR on Customer Trust with Country of Origin as a Moderating Variable

Companies that implement social responsibility are significantly able to form the customer's good perception that raises trust. Trust can create a sense of customer belief towards the company (Lacey and Kennet, 2010). Individual society values influence customer expectations in CSR programs that are carried out by domestic and foreign companies. The company's CSR program will significantly impact the company's country of origin (Han, 2015). Origin is a country where the brand name originates. Country of origin as a product's identity can influence a product's assessment related to risk perception inherent in a specific

product. State stereotypes and customer preferences influence trust in the country's political, cultural, and economic systems, including customer confidence in product quality (Resvani et al., 2012). Country of origin can influence customer choice to buy a product and offer significant competitive advantages.

The product produced by the firm that came from an advanced economic growth country will increasingly attract customers, and the country of origin is often considered more important in product selection. Customers tend to believe using the product by considering the country of origin if customers are not familiar with other product brands. Customers think that brand image can be seen in their country of origin. In the triple bottom line, the continuation of an environment where the company is located raises a positive perception of customers when giving the impression of a good service they use (Elkington, 1997). Impression from a customer who provides positive evaluations resulting from psychological processes based on social psychological theory that can trigger customers to act with an evaluative background results from a positive environment impression that gets exposure to CSR company commitment from a certain country. Regarding Reasoned Action theory, the action taken by these customers causes psychological attachment by trusting products/services from companies that commit to CSR (Dharmesta et al., 2013). Moreover, based on the results state that country of origin is a variable that has a positive influence (Aristides and Ines, 2016). Based on the relationship between CSR and customer trust and the role of country origin to strengthen or weaken the relationship, the following hypotheses are formulated:

H02: Country of origin does not have a positive moderating influence on the relationship between CSR and customer trust.
H12: Country of origin has a positive moderating influence on the relationship between CSR and customer trust.

Effects of CSR on Customer Trust with Customer Social Demographic as Moderating Variables

Customers have different desires and needs based on a social demographic characteristic. Customer characteristic differences can produce varian marketing communication message responses (Kotler and Keller, 2012). Also, better education and mature customer age, communicative messages acceptance about CSR implementation program is better to increase customer confidence (Denni et al., 2014). Nowacki and Wasilik (2017) revealed that customer who has adult age will trust CSR higher than the customer who is still a teenager and elderly, the male customer has higher trust in CSR than the female customer.

Asvanyi (2010) obtained the result that the implementation of CSR is directly felt by customers from the area of customer origin.

Many other results also state that social demography is a variable that has a positive influence on CSR (Miguel et al., 2016). The influence of high understanding and high sensitivity to the company's commitment to implementing CSR can positively affect anything that becomes the company's future orientation, for example, everything related to the company's long-term goals. Based on the relationship between CSR and customer trust and the role of social demographic to strengthen or weaken the relationship, the following hypotheses are formulated:

H03: Social Demography does not have a moderating influence on the relationship between CSR and customer trust.
H13: Social Demography has a moderating influence on the relationship between CSR and customer trust.

The Effect of CSR on Customer Loyalty with the Mediation of Customer Trust

Ramasamy and Yeung (2009) explained that a company that implements social responsibility could significantly form a good customer assessment. There is a relationship between the company and the customer as a company asset where the customer needs the company's product and service. Roberts (1992) said that the stakeholder's concept is divided into three components: the corporate planning model, business policy, and corporate social responsibility. Without a company's social concern, customer confidence does not reach optimal levels. As a CSR term based on the Citizenship theory, corporate citizenship emphasizes the balance between the company's rights and obligations and society with living together and mutually beneficial goals.

Therefore, positive and negative about a product and service will make customers recall when the company name is heard or carried into customer memory. It will give actual behavior to distrust or trust in the company. Akbar and Parvez (2009) state that customer trust only exists when one party in a cooperative relationship is reliable and has integrity. Trust also defined as strength perception from the customer's point of view based on transaction experience or interaction characterized by the fulfillment of product performance and satisfaction expectations. Loyalty is behavior actualization related to Reasoned Action (Ajzen, 2005). This actualization comes from evaluating customer experience from transaction and interaction in a real way and involves psychological processes in the individual (Dharmesta, 2013). Customers have a positive perception of

companies committed to implementing CSR; perceptions and positive impressions lead to the emergence of trust and lead to customer loyalty. Previous research that states that customer trust has a positive influence: Johra et al., (2014). Based on customer trust mediating role indication, the following hypotheses are formulated:

H04: Customer trust does not have a mediating influence on CSR and customer loyalty.
H14: Customer trust has a mediating influence on CSR and customer loyalty.

Material and Methods

Instrument

The study used quantitative method, the conceptual framework tries to explain the relationship between the variables. Data were collected by survey questionnaire methods for domestic and foreign companies customers in Timor Leste. This research used quota sampling to obtain 320 customers as data observation. SEM analysis was used to analyze the data by running SmartPLS 3.2.8 for Professional application for hypothesis testing.

Conceptual Framework

A conceptual framework of the study is presented in Figure 1 below. This study aimed to analyze customer loyalty based on Corporate Social Responsibility (CSR) as companies commitment in Timor Leste (Social Care Based Loyalty). The research model was developed through research variables to fill the research gap between CSR and Loyalty by customer trust mediation, country of origin, and social demographic as the moderating variable.
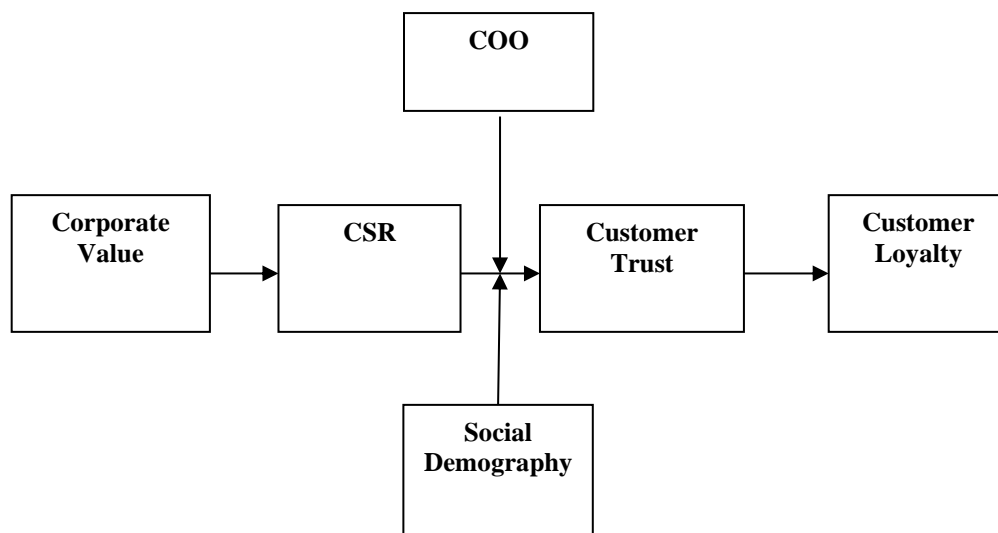

Figure 1 Conceptual framework of study

The objects to be discussed in this study are domestic and foreign companies in Timor Leste. This research will persuade customers who regularly use some products or services provided by companies in Timor Leste. The population is the whole of elements collection with several general characteristics, consisting of fields to be examined. The sample is a portion of the population owned by the community.

Population Dan Sample

Table 1 Number of sample estimation

District	Population Number	Percentage	Number of Sample Estimation
Dili	227.279	47,7 %	153
Ermera	125.702	26,4 %	84
Baucau	123.203	25,9 %	83
Total	475.761	100 %	320

This study uses primary data and secondary data. Primary data is the data that was recorded and collected by researchers. While secondary data is information that is available in various forms. Secondary data sources are obtained from the company document, third parties who provide data needed like the population in each district, the number of companies operated in Timor Leste, etc. Primary data in this study was obtained by distributing questionnaires to respondents. Researchers obtained data from questionnaires filling conducted by respondents who became customers of domestic and foreign companies. In spreading questionnaires, researchers realized that respondents understood not all questions. Therefore the researcher helped explain the items in the questionnaire. The researcher also makes sure that respondents have used products or services more than three times that belong to loyal customers by identifying company characteristics like telecommunications, banking, etc. and directly asking respondents to repurchase/repeat using products from consumer goods company.

 Data were analyzed used Structural Equation Model (SEM) method. The SEM process cannot be done manually, so researchers use a tool in software SmartPLS 3.2.8 for Professionals for hypothesis testing.

Results

Respondents Profile

Table 2 Respondent Profile

No	Variable	Catagory	Frequency	%
1	Gender	Male	161	50.31
		Female	159	49.69
2	Age	< 25	41	12.81
		26-36	180	56.25
		37-46	92	28.75
		Diatas 47	7	2.19
3	Education	Junior High School	22	6.88
		Diploma	174	54.38
		Bachelor	100	31.25
		Master & Doctor	24	7.50
4	City District	Baucau	41	12.81
		Ermera	90	28.13
		Dili	189	59.06
5	Regional Origin	City	137	42.81
		Village	183	57.19

The table above shows that customers who participated in the study had an almost balanced percentage, even though the number of male respondents was more (50.31%) than the number of women (49.69%).

In regional origin demographic, most respondents came from the village (57.19%); then they have mostly diploma level education (54.38%), age group 27-36 years (56.25%), and domiciled in Dili (59.06%).

Validity Test

Factors Analysis - Convergent Validity

Table 3 Factor Analysis – Convergent Validity

Indicators	Loading Factor		Indicators	Loading Factor	
	Before Drop	**After Drop**		**Before Drop**	**After Drop**
DA	0.059	-	CS1	0.827	0.877
JK	0.348	-	CS2	0.806	0.837
KM	-0.620	-	CS3	0.186	-
EDU	0.754	0.885	CS4	0.250	-
AGE	0.759	0.852	CS5	0.476	0.519
NP1	0.716	0.716	CS6	0.255	-
NP2	0.614	0.614	CS7	0.762	0.762
NP3	0.741	0.741	CS8	0.641	0.641
NP4	0.575	0.575	CS9	0.513	0.513
NP5	0.671	0.671	CS10	0.602	0.602
NP6	0.563	0.563	CS11	0.686	0.686
NP7	0.753	0.753	CS12	0.704	0.704
NP8	0.575	0.575	KK1	0.515	0.515
NP9	0.542	0.542	KK2	0.660	0.660
LK1	0.752	0.752	KK3	0.733	0.733
LK2	0.860	0.860	KK4	0.558	0.558
LK3	0.644	0.693	KK5	0.738	0.738
LK4	0.715	0.723	KK6	0.604	0.604
LK5	0.344	-	KK7	0.707	0.707
LK6	0.505	0.510	KK8	0.829	0.829
LK7	0.625	0.630	NA1	0.720	0.728
LK8	0.735	0.846	NA2	0.498	0.545
LK9	0.516	0.569	NA3	0.284	-
LK10	0.471	-	NA4	0.588	0.627
LK11	0.658	0.658	NA5	0.479	0.678
LK12	0.676	0.676	NA6	0.421	-
LK13	0.556	0.556	NA7	0.547	0.648

Based on the validity test, several variables do not require the validity criteria, so the indicators are eliminated/dropped. The validity test results indicate that the indicator has required convergent validity with a loading factor value of more than 0.5 (Ghozali, 2014). While indicators that do not require convergent validity with a loading factor of less than 0.5, invalid indicators have been dropped.

Reliability Test

Composite Reliability Test Table

Table 4 Composite Reliability Test

Composite	Reliability
SOCIAL DEMOGRAPHIC	0.860
KAO	0.674
KMA	0.670
KMO	0.744
CUSTOMER TRUST	1.000
Honesty	0.659
Openness	0.632
Service	0.733
CORPORATE VALUE	1.000
COO Trust	0.670
Desire	0.611
Country of Origin	1.000
Diversity	0.678
Community	0.798
Environment	0.703
CSR	1.000
Needs	0.789
Repurchase	0.736
Recommendation	0.676
Communication	0.665
CUSTOMER LOYALTY	1.000

The test results obtained pc values of all variables greater than 0.6 in range 0.632 to 1,000. The item questions that compose the variables have high internal consistency and can be used in research to continue hypothesis testing for full model analysis.

Determination Coefficient Test

Table 5 Determination Coefficient Test

	Adjusted R Squared
CSR	0.932
Customer Trust	0.989
Customer Loyalty	0.962
Country of Origin	0.635
Corporate Value	0.992
Social Demographic	0.932

Based on the coefficient determination test, the independent variable's ability to explain the variation of the dependent variable is shown by the adjusted R-squared value, which is high enough with the highest value indicated by the independent variable that affects the firm value variable that is 0.992. The lowest determination coefficient indicated by measuring the country of origin's variables is 0.635 (63.5%). This value can be interpreted that the independent variable can explain the country of origin variable is relatively low, and other measuring variables define the value 0.365 (36.5%). After testing the instrument (validity & reliability) and measuring the fit model (determination), the next step is to test the hypothesis as follows.

PLS Bootstrap Path Coefficient

Table 6 PLS Bootstrap Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Path Coefficient Direct Effect					
CSR -> CUSTOMER TRUST -> CUSTOMER LOYALTY	**0.318**	**0.321**	**0.023**	**14.083**	**0.000**
Path Coefficient Moderating Interaction					
MOD. SOCIAL DEMOGRAPHIC	**0.001**	**0.001**	**0.006**	**0.135**	**0.893**
MOD. COUNTRY OF ORIGIN -> CUSTOMER TRUST	**-0.021**	**-0.020**	**0.006**	**3.279**	**0.001**
Specific Indirect Effect					
CSR -> CUSTOMER TRUST -> CUSTOMER LOYALTY	0.318	0.321	0.023	14.083	0.000

Based on the PLS Bootstrap, it is known that the relationship between corporate value and CSR has a significant effect; it has been seen from the t-statistic value of 14,083, which is

greater than t-table + 1.96. Based on these results, it can be concluded that results analysts accept H1. The interaction of moderating variables, country of origin on the relationship between CSR and customer trust, has a significant effect that can be seen from t-statistic value 3.279, which is greater than t-table + 1.96. Based on these results, the country of origin has proven to moderate the relationship between CSR and customer trust in domestic and foreign companies in Timor Leste. Thus the results of the analysis indicate that the H2 hypothesis is accepted.

Furthermore, the socio-demographic variable has proved moderating variables failure in the relationship between CSR and customer trust. The statistical test shows the t-statistical value of 0.135 is smaller than the t-table +1.96. The analysis results have rejected the H3 hypothesis. Socio-demographic variables were not proven as moderating variables between CSR's relationship to customer trust in domestic and foreign companies in Timor Leste. Based on the PLS Bootstrap analysis, Specific Indirect Effects of customer trust have been proven to mediate CSR toward Loyalty. This can be seen from the t-statistic value of 14,083, which is greater than the t-table + 1.96. The CSR program increases customer trust that abled to grow customer loyalty, both domestic and foreign companies in Timor Leste (H4 Accepted).

Discussion of Analysis

Corporate Values have Positive Effects on CSR

Corporate values application in cultures form owned by the company as a tool used by all employees to support its vision and mission achievement to achieve a competitive advantage. This means that the company has good business ethics. Of course, this will affect the company's performance in producing material and non-material benefits. Moreover, according to Ceja and Tapies (2011), company values can guide world-class companies, both individually owned and owned by institutions. Ethical values in caring for others, honesty, mutual cooperation, openness, and excellent service are contained in the CSR program that has previously been investigated; they are called core values. It has become the company foundation (Lencioni, 2007).

Government regulations that require companies to implement CSR programs are certainly a challenge for the company's resources to adjust company values. Corporate values serve as work guidelines to achieve the organization's vision. Company values formulation appropriate with the CSR program's values will encourage commitment in CSR program implementation. Corporate stakeholders, especially management and shareholders, will

realize social awareness in the community, hoping that the long-term business continuity goal can be achieved as a corporate citizenship vision.

Proactive company activities and strategies containing the company's values by involving concern for the environment will present a long-term impact. An effective and efficient CSR program implementation shows good corporate governance, good corporate citizenship, and good business ethics realization that always instill corporate values. The result is consistent with the triple bottom line based on Elkington (1997), which is the basis for reviewing the company's foundation concerns in corporate social responsibility programs to community and environment. CSR is the company's commitment consists of three (3) elements: economic elements that refer to P1 (Profit), social which refers to P2 (People), and the environment that refers to P3 (Planet). Also, good governance in a company based on stakeholder theory can bring benefits to all stakeholders. All stakeholders such as shareholders, creditors, customers, suppliers, government, community, analysts, and other parties have an impact or are affected by the results of the company's goals (Freeman, 1984 and Roberts, 1992).

The Effect of CSR on Customer Trust with Moderation Country of Origin

The country of origin is proven to moderate the relationship between CSR and customer trust in companies Timor Leste. Consistent with the statement that the country of origin impacts CSR, which can affect individual responses to a particular object (Aristides and Ines, 2016). Domestic and foreign companies in Timor Leste prove that country of origin defined a perception characteristics existence of norms cultural territory that can affect customer trust. The CSR program was undoubtedly focused on the right target and is known by the community so that CSR programs can increase customer trust with cultural ideologies and local norms similarity. Thus the country of origin reputation can act as a mechanism that becomes an information source for deciding to trust and choose products/services from different countries. The country of origin can strengthen or weaken customer trust, especially in determinants of CSR programs implemented terms. The company cannot control the perception of customer trust, which may be different because of information about the company's country of origin. Regarding Reasoned Action theory, the actions taken by these customers cause psychological contribution, one of which is by trusting products/services produced by companies that commit to CSR (Ajzen, 2005; Dharmesta et al., 2013).

Lacey and Kennet (2010) revealed that companies that implement social responsibility are significantly able to build customer's good perceptions that produce customer trust output

in the company by creating a sense of trust from customers. Individual values of society influence customer expectations in CSR activities that carried out both domestic and foreign companies. Local customers have expectations for domestic companies to commit CSR activities with international companies' standards. CSR activities carried out by domestic and foreign companies will significantly impact the company's country of origin (Han, 2015). Resvani et al. (2012) explain the state stereotypes and customer preferences affecting the level of customer trust in the country's political, cultural, and economic systems, including customer trust in product quality. Culture, systems, customer preferences for CSR programs create a different impression to customers. This research is consistent with the study of Chia et al. (2017) that said the country of origin could distinguish trust between customers each other with certain qualities that the company offers.

Effects of CSR on Customer Trust with Moderation Social Demography

Structural dynamics demographics show Timor Leste today is experiencing what is called demographics bonus. A country must meet several conditions to make the demographic bonus of the population turn into state benefits (Perwita, A.D. & Saptana, 2019). Among them is by paying attention to the social demographics of the community. Social demographic variables such as age and educational background do not strengthen or weaken CSR programs' relationship to the customer trust level. These results may be due to public trust in the company located primarily in its service when providing the best, competitive and communicative products and services and understanding customer complaints. Besides, CSR programs aimed at the general public of all age and education levels. Socio-demographic variables did not play a significant moderator in the relationship between CSR programs and customer trust. In social psychology theory, understanding and sensitivity are the output of an attitude is a negative constellation, affective and conative components, which interact with each other in behaving towards an object. This psychological process did not justify that sensitivity is only exist in women, maturity has not always been reflected in an individual's age (Nowacki and Wasilik, 2017), and a good understanding of CSR was not always seen in highly educated people (Denni et al., 2014). Personality character that can give a positive perception and impression of customer experience arises from CSR commitments.

This study's results are not consistent with previous studies (Miguel et al., 2016). Customers have different desires and needs. This can be seen based on customer socio-demographic characteristics. The education level and age are two examples of social-demographic characteristics that can accept or assess a company policy that impacts their beliefs later. Kotler and Keller (2012) also explained that different traits could be different responses in

marketing communication messages. This research is not consistent with the study Miguel et al. (2016); Asvanyi (2010), which state that social demography has a positive influence on customer trust.

The Effect of CSR on Customer Loyalty with the Mediation of Customer Trust

When the company has succeeded in building trust from the customer, it will get more returning customers, including free customer recommendations to the people around them. Customers will voluntarily promote products or services sold to those around them because customers already have good experience with products or services. Volunteering recommends one of the loyalty dimensions. The relationship between companies and customers is a company asset where customers behave loyally to the company's products and services. The implementation of CSR programs fosters customer confidence and has an impact on increasing customer loyalty. Ramasamy and Yeung (2009) argue that companies that implement social responsibility are significantly able to obtain good ratings from customers. Positive and negative assessments of a product and service offered by the company will raise trust relating to the company. Customer trust is expressed in loyal behavior both in attitude loyalty and behavioral loyalty. Savitri & Perwita (2020) said that the purpose of consumer buying behavior is to fulfill human necessary and satisfy their wants. How the company satisfy their customer is the first way to get customer loyalty.

Akbar and Parvez (2009) stated that customer trust only arises when one party in a cooperative relationship is reliable and has integrity. Integrity is built through the company's strategy, as is done through a CSR program. Integrity is built beyond transactional exchange, but further integrity is a function of its concern for real community needs.

Johra et al. (2014) found similar results that CSR programs implemented by companies were able to increase customer loyalty and customer trust. Based on Stakeholder Theory, Citizenship theory, social contract theory, and triple bottom line thinking, it is evident that companies that implement CSR programs will provide benefits to society and the environment. These benefits will eventually return to the company with the acquisition of loyal customers. Loyal customers' achievement is because customers believe that the company's relationship with customers is not merely transactional.

Conclusion

From the above overall discussion, it can be concluded that CSR programs the implementation, in general, can be used in customer loyalty development models for domestic and foreign companies. CSR program development that genuinely can provide

customer trust increasing will ultimately have an impact on customer loyalty. Corporate values have a positive influence on CSR. Company values foundation in mapping system and process for CSR program policies by domestic and foreign companies. Country of origin moderates the relationship between CSR and customer trust. The country of origin of the company is understood as an effect that appears in customer perceptions influenced by the country where the product/service originates. The country where a product or service originates will affect customer perceptions of the company's CSR program. Socio-demographic variables (age, gender, education level, and living area) did not moderate the relationship between CSR and customer trust. In another case, there is no difference in the effect of CSR on customer trust among customers in various age categories (young and old). The influence of CSR on customer trust did also not differ between male and female customers. The same thing also happens between customers with different education levels. The effect of CSR on customer trust did not vary between low and high educated customers. Customers from various living areas (villages and cities) did not differ in CSR programs' effect on customer trust. Customer trust mediates the relationship between CSR and customer loyalty. Customer trust in the company reflects the credibility and integrity of the company. The company's concern in CSR is positively perceived by customers, mainly when CSR programs are carried out thoughtfully and not only meet government regulations. Increased customer trust is a benchmark in CSR program success that is implemented. When customers believe in the company's concern for CSR, it will foster customer loyalty. Customer loyalty to the company is an indicator of its ability to build long-term relationships with customers.

The implication is based on the research that customers expect the best additional value obtained from the products/services selection by always providing excellent service based on market demand but still caring about the surrounding community as corporate citizenship implementation. Most customers from Timor Leste trust that the company that was built and started operating in Timor Leste will prioritize CSR programs for Timor Leste people. The company's efforts in communicating CSR can increase customer trust and need not be distinguished from its social demographics when CSR program content is related to general public issues. Every company carries out business activities that have an impact on the environment and society. CSR is a sustainable and responsible design. CSR success can increase loyalty through trust as a foundation to positively affect long-term reciprocity on the company, ultimately for society and the environment.

CSR program implementation is a policy and commitment to corporate social responsibility disclosure. The research novelty is building a research model by establishing customer trust and loyalty using CSR programs, country of origin, and social demographics. This research

can prove that country of origin's moderation strengthens CSR towards customer trust and mediation of customer trust as an intermediary between the relationship between CSR and customer loyalty. Also, this study can fill previous studies gap and modify the country of origin research model conducted by Chia et al. (2017); Aristides and Ines (2016). Research model that conducted present alternative solutions can be produced on how to build CSR and customer trust. The country of origin can moderate CSR program implementation that can be oriented to customer trust then. The country of origin is considered a significant trigger of CSR program implementation that has a domino effect on customer trust. Another new concept produced by the research model analysis is the mediating role of customer trust that can fill the gap and modify the previous research model. Customer trust can be a useful intermediary in implementing CSR programs that can be oriented towards increasing loyalty in the future. Customer trust is considered a significant output of CSR program implementation that has a domino effect on adherence. This shows that there is a clear judgment that customers' trust and loyalty existence came from services perfection received by the customer itself and the concern of the service company that is given to the community as a CSR target. Even though, it is certainly not directly felt by customers, so this research model results in a novelty concept called Social Care based loyalty.

Limitations

Social Demography has proven insignificantly moderate the relationship between CSR and customer trust. Each customer certainly has a different need from their satisfaction levels. Demographic variables measurement consists of several dimensions (Multidimensional) still has limitations in measuring using research justification in converting nominal data into ordinal data so that it is less accurate. There is no limitation of age in domestic and foreign company's communication. It is difficult to match offers and demand because customers are always looking for service with the highest value. This study obtained a minimal sample, so it could only analyze respondents in specific domestic and foreign general results; analyzes also could not be known for each service company sector.

Future research recommends modifying the further research model, if possible, to fill in the gaps by other solution variables. Besides, the model can also be analyzed in each age segment, occupation & other demographic characteristics. Each demographic dimension is analyzed by multi-dimensional scale analysis (MDS). It is needed to obtain more representative results. Further research is expected to explore more deeply through in-depth interviews to get significant subjective results that match expectations and customer needs. So they are more loyal to the company. Mixed method design also can be used as an integrated analysis method to examine deeply by using indicators formulated through pre-

survey triangulation so that service companies determine the right management strategy. This study should increase the number of samples through the cluster sampling method to obtain more observational data and analyze each company sector's response and perception to get specific results.

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