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Implications of Corporate Social Responsibility on Customer Loyalty Through Brand Equity and Ewom at PT. Hayati and Craft Indonesia

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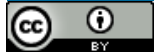
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ABSTRACT

This study aims to analyze the effect of Corporate Social Responsibility (CSR) on Customer Loyalty (CL) through Brand Equity (BE) and Electronic Word of Mouth (EWOM) as intervening variables at PT Hayati and Craft Indonesia. This research uses a quantitative approach. The population of this study consists of consumers of PT Hayati and Craft Indonesia. The sampling technique used was purposive sampling, with the criteria that respondents had purchased the product at least twice and were aware of the CSR activities carried out by the company. A total of 168 respondents were obtained as research samples. Data were analyzed using Structural Equation Modeling (SEM) with AMOS version 24. The results show that CSR has a positive and significant effect on Brand Equity and Electronic Word of Mouth. However, CSR does not directly affect Customer Loyalty. Brand Equity and Electronic Word of Mouth are proven to mediate the relationship between CSR and Customer Loyalty. These findings indicate that CSR activities need to be supported by strong brand value and positive electronic word of mouth to increase customer loyalty

INTRODUCTION

In today's business environment, the dynamics of consumer behavior continue to evolve. This is driven by globalization, which has increasingly diminished the barriers of distance and time between countries, especially in the Industry 5.0 era where technological advancements are rapidly accelerating and raising awareness of the importance of technological support in business activities (Suhairi et al., 2023). Businesses in Indonesia are expected to align with current global technological developments. Equally important is the shift in consumer behavior in developed countries, where consumers are already familiar with environmentally friendly products through green marketing.

Many consumers in developed countries show strong concern for green marketing products. They tend to favor businesses that demonstrate environmental and social responsibility through Corporate Social Responsibility programs. Green marketing itself is one form of CSR. The key to business sustainability lies in effective marketing strategies. When a product's marketing strategy is successful, Customer Loyalty can be achieved. Companies that are able to design marketing strategies that create customer satisfaction will encourage customers to become increasingly loyal. Various marketing strategies have been implemented to achieve Customer Loyalty (Hira, 2023). Although green marketing, as part of CSR, has been adopted by several businesses, it has not yet shown significant impact. In fact, many businesses or startups have failed or been unable to compete. (Dewi, 2022) explains that, based on a report from CB Insight, the two main reasons for startup failure are running out of cash and the absence of market demand.

CSR obligations are particularly binding for companies engaged in natural resource extraction and processing activities, as regulated in Law Number 40 of 2007 concerning Limited Liability Companies.

The main challenges in implementing CSR in Indonesia include a lack of transparency, limited resources, low managerial awareness, and low

participation from local communities. This indicates that CSR programs are often used merely as a form of image-building or to fulfill legal obligations, rather than as a core component of a sustainable business strategy. As a result, CSR programs tend to be less targeted toward communities and have limited environmental impact (Egsa, 2022).

Effective CSR requires strong Brand Equity in order to achieve Customer Loyalty. Strong Brand Equity enables companies to compete effectively with competitors. Industries are required to continuously innovate and adapt in order to remain competitive. Rapid changes in consumer preferences and tastes present significant challenges for companies (Ainiyah, 2024). Consumers tend to choose high-quality products with brands that carry emotional and social value. Companies with low brand equity will struggle to survive, especially when competing with similar products offered at lower prices.

Another challenge for companies lies in maintaining their reputation on social media and managing Electronic Word of Mouth. Social media plays a crucial role in shaping consumer perceptions of a brand. Companies that fail to manage their online reputation risk weakening their brand equity. Furthermore, regulations related to brand protection in Indonesia still face legal uncertainty, which can create an unstable environment for companies in building brand equity and may ultimately disrupt Customer Loyalty toward a brand (Wijaya, 2024).

Another important phenomenon in enhancing Customer Loyalty is EWOM. According to data from Internet World Stats, Indonesia ranks fourth among countries with the largest number of internet users. The large population significantly contributes to the high level of internet usage. This condition reflects that Indonesian society is becoming increasingly familiar with technology, providing greater opportunities for individuals to easily access and obtain information through the internet (Lusianti, 2022).

METHODS

The scope of this study includes the exogenous variable, namely Corporate Social Responsibility (X), the endogenous variable, namely Customer Loyalty (Y), and the intervening variables, namely Brand Equity (Z1) and Electronic Word of Mouth (Z2). The object of this research is PT Hayati and Craft Indonesia. The respondents of this study are consumers of PT Hayati and Craft Indonesia who have made at least two repeat purchases and are aware of the CSR activities carried out by the company. The research was conducted in November 2025.

This study employs a quantitative research method in which the data are in the form of numerical values and are analyzed using statistical techniques Sugiyono, (2022: 127). In quantitative research, data analysis techniques are conducted using statistical methods Sugiyono, (2022: 139). The data analysis in this study was carried out using SEM AMOS version 24 software. This research aims to test hypotheses related to the implications of Corporate Social Responsibility on Customer Loyalty through Brand Equity and Electronic Word of Mouth as intervening variables at PT Hayati and Craft Indonesia. The object of this study is PT Hayati and Craft Indonesia, while the subjects are consumers located in the Kapuas Hulu branch, West Kalimantan. The research was conducted in November 2025 with a total sample of 168 respondents obtained through purposive sampling techniques. Variable measurement was

conducted using a Likert scale of 1–5 (1 = strongly disagree to 5 = strongly agree).

The operational definition of Customer Loyalty refers to positive behaviors exhibited by potential consumers in purchasing or using certain products or services, repurchasing these products, and providing positive feedback regarding the products or services (Sari et al., 2024). Law Number 40 of 2007 concerning Limited Liability Companies explains that CSR represents social and environmental responsibility, which is the company's commitment to participating in sustainable economic development in order to improve the quality of life and the environment, benefiting the company itself, local communities, and society at large. Brand Equity refers to the value of a brand that generates high brand awareness and strong, favorable, and unique brand associations that are consistently remembered by consumers Shimp et al., (2014: 87). EWOM refers to communication between individuals based on their experiences with products or services, which is disseminated through electronic media (Ti et al., 2022).

RESULTS AND DISCUSSION

RESULTS

Convergent Validity

The initial validity test is determined based on the convergent validity value. The following presents the results of the convergent validity test in the table of exogenous convergent validity:

Table 1. Convergent Validity Eksogen

No	Indicator	Estimate	Cut-off Value	Description
1	CSR1	0,799	0,5	Valid
	CSR2	0,799	0,5	Valid
3	CSR3	0,835	0,5	Valid
4	CSR4	0,749	0,5	Valid
5	CSR5	0,801	0,5	Valid
6	CSR6	0,789	0,5	Valid

Source: Processed Primary Data, 2025

Based on the results of the exogenous convergent validity test, all measurement items used as exogenous variables in this study are considered valid, as their estimate values exceed 0,5.

Table 2. Convergent Validity Endogen

No	Indikator	Estimate	Nilai Cut Off	Description
1	BE1	0,806	0,5	Valid
2	BE2	0,753	0,5	Valid
3	BE3	0,876	0,5	Valid
4	BE4	0,716	0,5	Valid
5	BE5	0,719	0,5	Valid
6	EWOM1	0,819	0,5	Valid
7	EWOM2	0,785	0,5	Valid
8	EWOM3	0,824	0,5	Valid
9	EWOM4	0,789	0,5	Valid
10	EWOM5	0,771	0,5	Valid
11	EWOM6	0,852	0,5	Valid
12	CL1	0,759	0,5	Valid
13	CL2	0,867	0,5	Valid
14	CL3	0,820	0,5	Valid
15	CL4	0,838	0,5	Valid
16	CL5	0,761	0,5	Valid

Source: Processed Primary Data, 2025

Based on the results of the endogenous convergent validity test, all measurement items used as endogenous variables in this study are considered valid, as their estimate values exceed 0,5.

Average Variance Extracted (AVE)

Average Variance Extracted (AVE) is a confirmatory measure that evaluates the average variance extracted among indicators of a latent variable. The criterion requires that the AVE value exceeds 0,5. All indicators can be considered valid, as presented in the AVE test table.

Table 3. Average Variance Extracted (AVE)

Variabel	CSR (X)	BE (Z1)	EWOM (Z2)	CL (Y)
CSR (X)	0,796			
BE (Z1)	0,518	0,776		
EWOM (Z2)	0,539	0,487	0,807	
CL (Y)	0,418	0,523	0,543	0,810

Source: Processed Primary Data, 2025

Based on the AVE test results, it is found that the AVE value for each variable used in this study exceeds 0,5, indicating that the indicators are

relatively capable of explaining the constructed latent variables.

Discriminant Validity

Discriminant validity is measured by examining the cross-loading values between indicators and their respective latent variables. An indicator is considered valid if its cross-loading value

on the intended variable is higher than its cross-loading on other latent variables. The following presents the results of the discriminant validity test, as shown in the discriminant validity table:

Table 4. Discriminant Validity

No	Variabel	AVE	Nilai Cut Off	Description
1	<i>Corporate Social Responsibility</i>	0,633	0,50	Valid
2	<i>Brand Equity</i>	0,603	0,50	Valid
3	<i>Electronic Word Of Mouth</i>	0,651	0,50	Valid
4	<i>Customer Loyalty</i>	0,656	0,50	Valid

Source: Processed Primary Data, 2025

Based on the discriminant validity test results, all indicators are considered valid, as the cross-loading values on their respective variables are higher than those on other latent variables.

Reliability Test

The reliability test in this study uses construct/composite reliability (CR). The

recommended criterion for this test is a CR value greater than 0,7, indicating that the construct is reliable. Based on the calculations for each indicator, all indicators are considered reliable, as presented in the Construct Reliability test table

Table 5. Construct Reliability

No	Variabel	Construct/ Composite Reliability	Nilai Cut Off	Description
1	<i>CSR</i>	0,912	0,70	Valid
2	<i>BE</i>	0,883	0,70	Valid
3	<i>EWOM</i>	0,918	0,70	Valid
4	<i>CL</i>	0,905	0,70	Valid

Source: Processed Primary Data, 2025

Based on the Construct Reliability test results, the CR values for all variables exceed 0,70. Therefore, all research instruments used in this study can be considered reliable.

Normality Test

The normality test aims to determine whether the data distribution follows or approximates a normal distribution. The following table presents the results of the normality test:

Table 6. Normality Test

Variable	min	max	skew	c.r.	kurtosis	c.r.
CL5	1,000	5,000	,097	,513	-1,308	-3,460
CL3	1,000	5,000	-,034	-,178	-1,289	-3,410
<i>EWOM6</i>	1,000	5,000	,059	,312	-1,281	-3,388
<i>EWOM2</i>	1,000	5,000	,133	,706	-1,333	-3,526
<i>EWOM1</i>	1,000	5,000	,106	,562	-1,328	-3,513
BE4	1,000	5,000	,027	,141	-1,260	-3,335
BE2	1,000	5,000	,082	,432	-1,351	-3,574
CSR6	1,000	5,000	-,061	-,322	-1,355	-3,584
CSR2	1,000	5,000	,040	,211	-1,346	-3,560
CL4	1,000	5,000	-,040	-,211	-1,203	-3,182
CL2	1,000	5,000	,019	,101	-1,310	-3,466
CL1	1,000	5,000	,001	,004	-1,449	-3,833
BE1	1,000	5,000	,070	,370	-1,250	-3,308
BE3	1,000	5,000	,167	,884	-1,369	-3,621
BE5	1,000	5,000	,051	,272	-1,287	-3,405
<i>EWOM3</i>	1,000	5,000	,024	,129	-1,306	-3,455
<i>EWOM4</i>	1,000	5,000	,101	,533	-1,489	-3,939
<i>EWOM5</i>	1,000	5,000	,131	,693	-1,328	-3,514
CSR1	1,000	5,000	-,088	-,465	-1,240	-3,281
CSR3	1,000	5,000	,082	,434	-1,302	-3,446
CSR4	1,000	5,000	,000	,002	-1,313	-3,474
CSR5	1,000	5,000	,018	,093	-1,312	-3,471
Multivariate					7,991	1,594

Source: Processed Primary Data, 2025

Based on normality test table, the critical ratio (c.r.) value is 1,594, which is less than 2,48, indicating that the data can be categorized as normally distributed.

Outlier Test

Outliers are data points that have extreme values compared to other data. Outliers can still be retained if the Mahalanobis d-squared value is below

the chi-square table value. Based on the chi-square calculation with 58 degrees of freedom and a significance level of 0,01 (1%), the chi-square table value is 85,950. The following presents the results of the outlier test as shown in the outlier test table:

Table 7. Outlier Test Table Test

Observation number	Mahalanobis d-squared	p1	p2
72	38,723	,015	,923
136	37,681	,020	,849
166	37,241	,022	,724
138	36,982	,024	,567
146	36,793	,025	,408
81	36,547	,027	,288
6	34,549	,043	,591
76	34,480	,044	,458
113	33,999	,049	,444
14	32,473	,070	,740
49	32,253	,073	,692
159	31,796	,081	,715
121	31,741	,082	,625
50	31,315	,090	,655
65	31,176	,093	,597
89	31,054	,095	,534
117	30,715	,102	,553
147	30,637	,104	,480
92	30,479	,107	,440
133	30,407	,109	,372
128	30,307	,111	,319
160	30,303	,111	,241
38	30,161	,115	,212
90	30,096	,116	,168
103	30,046	,117	,127
153	29,906	,121	,111
44	29,362	,135	,190
149	28,792	,151	,315
11	28,559	,158	,331
111	28,485	,160	,287
36	28,405	,163	,249
32	28,010	,175	,333
46	28,002	,176	,267
47	27,966	,177	,219
19	27,414	,196	,372
168	27,225	,203	,385
163	27,110	,207	,366
93	27,058	,209	,321
130	27,056	,209	,258
118	26,973	,212	,232
68	26,933	,214	,193

Observation number	Mahalanobis d-squared	p1	p2
54	26,868	,216	,166
112	26,401	,235	,286
119	26,140	,246	,341
142	26,122	,246	,286
41	25,967	,253	,295
151	25,893	,256	,269
145	25,862	,258	,227
99	25,687	,265	,245
78	25,680	,266	,196
61	25,639	,267	,166
30	25,636	,268	,128
70	25,371	,280	,171
35	25,186	,288	,193
100	25,084	,293	,185
56	25,018	,296	,166
20	24,698	,312	,244
58	24,631	,315	,222
143	24,629	,315	,178
7	24,516	,321	,177
167	24,442	,324	,162
140	24,435	,325	,127
88	24,310	,331	,131
161	23,919	,351	,235
134	23,870	,354	,209
83	23,850	,355	,173
110	23,722	,362	,180
31	23,661	,365	,163
15	23,578	,370	,154
69	23,486	,375	,149
16	23,377	,381	,149
85	23,204	,390	,174
4	22,997	,402	,216
148	22,869	,409	,227
3	22,867	,409	,184
104	22,864	,409	,146
37	22,745	,416	,152
144	22,714	,418	,128
109	22,661	,421	,113
84	22,659	,421	,086
108	22,632	,423	,070
57	22,262	,444	,144

Observation number	Mahalanobis d-squared	p1	p2
73	22,048	,457	,188
18	21,951	,463	,187
164	21,926	,464	,158
39	21,683	,479	,218
74	21,648	,481	,190
34	21,509	,490	,208
33	21,094	,515	,380
22	21,063	,517	,341
135	20,931	,525	,362
124	20,591	,546	,516
82	20,518	,551	,502
116	20,377	,559	,532
71	20,362	,560	,479
98	20,295	,565	,461
115	19,997	,583	,593
77	19,940	,587	,569
156	19,907	,589	,529
23	19,844	,593	,508

Source: Output Amos, 2025

Based on the outlier test table, the Mahalanobis d-squared value of 38,723 is still below the chi-square threshold. Therefore, the data can be retained, as the Mahalanobis d-squared value is

lower than the chi-square table value (38,723 < 85,950).

Confirmatory Analysis of the Full Measurement Model Before Modification

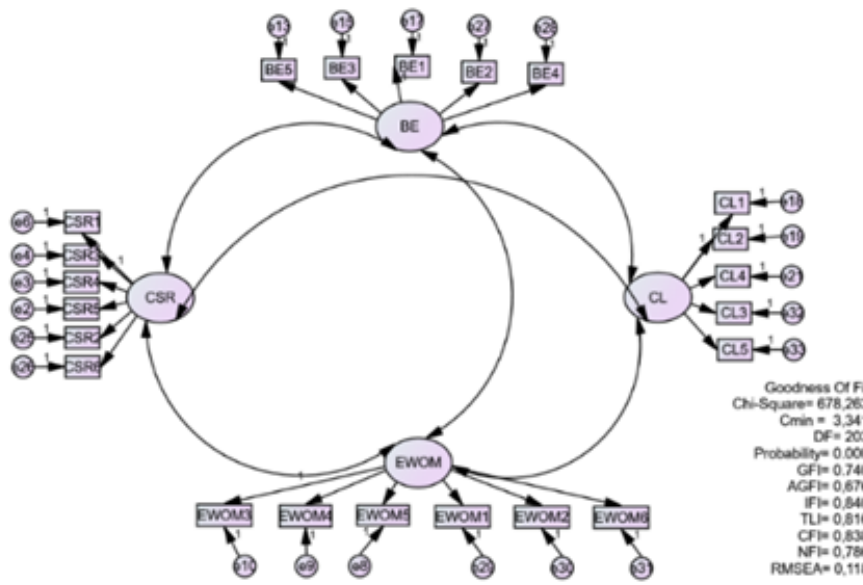


Figure 1. Goodness of Fit Analisis Full Measurement Model Before Modification

Source: Output Amos, 2025

Table 8. Evaluation of Goodness of Fit Index Criteria for the Full Measurement Model before Modification

Goodness Of Fit	Cut Off Value	Result Model	Description
Chi-square DF = 203	Expected to be small <252,29	239,120	Acceptable
Probabilitas	>0,05	0,000	Not Acceptable
GFI	>0,90	0,740	Not Acceptable
AGFI	>0,90	0,676	Not Acceptable
IFI	>0,90	0,840	Not Acceptable
TLI	>0,95	0,816	Not Acceptable
CFI	>0,90	0,838	Not Acceptable
NFI	>0,95	0,786	Not Acceptable
RMSEA	<0,08	0,118	Not Acceptable

Source: Output Amos, 2025

Based on the Goodness of Fit analysis of the full measurement model before modification, the interpretation results are presented in the table of Goodness of Fit Index Evaluation for the full measurement model before modification. It can be concluded that the model fit in this study has not yet met the required criteria, namely a probability value greater than 0,05 and at least five goodness-of-fit criteria fulfilled. Therefore, the model is not yet acceptable and requires further improvement.

Model modification was carried out based on the Modification Indices (MI) values provided in the AMOS output. The modification process involved correlating several error terms among indicators within the same construct that had high MI values. This step was taken to improve the model fit without altering the structural relationships among variables in the research model.

Confirmatory Analysis Full Measurement before Modification

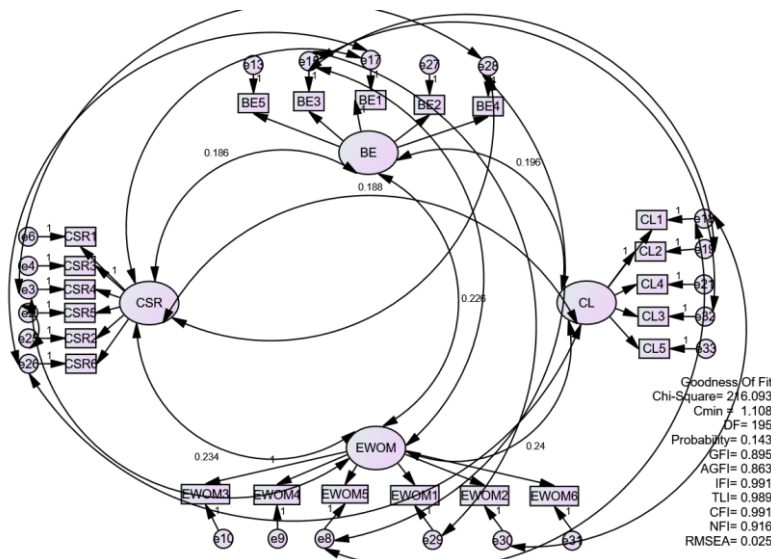


Figure 2. Goodness of Fit Analisis Full Measurement Model Before Modification

Source: Output Amos, 2025

Based on the Goodness of Fit analysis of the full measurement model after modification, the results of the improved model fit are presented as follows:

Table 9. Evaluation of Goodness of Fit Index Full Measurement before Modification

Goodness Of Fit	Cut Off Value	Result Model	Description
Chi-square DF = 195	Expected to be small <252,29	216,093	Acceptable
Probabilitas	>0,05	0,143	Acceptable
GFI	>0,90	0,895	Not Acceptable
AGFI	>0,90	0,863	Not Acceptable
IFI	>0,90	0,991	Acceptable
TLI	>0,95	0,989	Acceptable
CFI	>0,90	0,991	Acceptable
NFI	>0,95	0,916	Not Acceptable
RMSEA	<0,08	0,025	Acceptable

Source: Output Amos, 2025

Based on the Goodness of Fit analysis of the full measurement model after modification, the interpretation results are presented in the table of Goodness of Fit Index Evaluation for the full measurement model after modification. It can be concluded that the model fit in this study meets the required criteria, with at least five goodness-of-fit indices fulfilled, indicating that the model is

acceptable and capable of forming the endogenous variables.

Analysis Konfirmatori Full Model

Confirmatory analysis aims to test the proposed model using goodness-of-fit measures. The results of the confirmatory analysis can be seen in the figure:

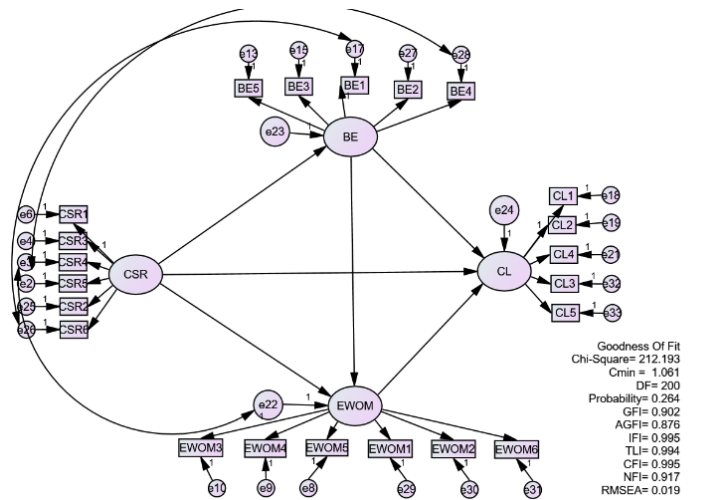


Figure 3. Analysis Konfirmatori Full Model

Source: Output Amos, 2025

Based on the Full Model Confirmatory Analysis figure, the results of the Goodness of Fit for the full model are as follows:

Table 10. Evaluation *Criteria Goodness Of Fit Index Full Model*

Goodness Of Fit	Cut Off Value	Result Model	Description
Chi-square DF = 200	Expected <252,79	212,193	Acceptable
Probabilitas	>0,05	0,264	Acceptable
GFI	>0,90	0,902	Acceptable
AGFI	>0,90	0,876	Not Acceptable
IFI	>0,90	0,995	Acceptable
TLI	>0,95	0,994	Acceptable
CFI	>0,90	0,995	Acceptable
NFI	>0,95	0,917	Not Acceptable
RMSEA	<0,08	0,019	Acceptable

Source: Output Amos, 2025

Based on the Full Model Confirmatory Analysis figure, the interpretation results are presented in the table of Goodness of Fit Index Evaluation for the full model. It can be concluded that the model fit in this study shows good acceptance and is suitable for further analysis.

Hypothesis Test

Hypothesis testing in this study is conducted by examining the critical ratio and significance probability to determine the relationships and effects among variables. The AMOS analysis used to test the research hypotheses can be observed through the regression weight results presented in the regression weight table.

Table 11. Regression Weight

		Estimate	S.E.	C.R.	P	Label
<i>BE</i>	<- <i>BE</i>	0,476	0,080	5,948	***	par_13
<i>EWOM</i>	<- <i>EWOM</i>	0,358	0,088	4,082	***	par_12
<i>EWOM</i>	<- <i>EWOM</i>	0,317	0,094	3,385	***	par_24
<i>CL</i>	<- <i>CL</i>	0,349	0,091	3,846	***	par_10
<i>CL</i>	<- <i>CL</i>	0,317	0,097	3,266	0,001	par_11
<i>CL</i>	<- <i>CL</i>	0,066	0,087	0,756	0,450	par_23

Source: Output Amos, 2025

A hypothesis is supported if the critical ratio $\geq 1,645$ and the significance probability $\leq 0,05$. The results of hypothesis testing are as follows:

1. Hypothesis Testing 1

Hypothesis 1 states that Corporate Social Responsibility has a positive and significant effect on Customer Loyalty at PT Hayati and Craft Indonesia. Based on Table Regression Weight, the C.R. value is

0,756 < 1,645 and the P-value is 0,450 > 0,05. These results indicate that Corporate Social Responsibility does not have a significant effect on Customer Loyalty at PT Hayati and Craft Indonesia; therefore, Hypothesis 1 is rejected.

2. Hypothesis Testing 2

Hypothesis 2 states that Corporate Social Responsibility has a positive and significant effect on Brand Equity at PT Hayati and Craft Indonesia. Based on Table Regression Weight, the C.R. value is 5,948 > 1,645 and the P-value is *** (< 0,05). These results indicate that Corporate Social Responsibility has a positive and significant effect on Brand Equity at PT Hayati and Craft Indonesia; therefore, Hypothesis 2 is accepted.

3. Hypothesis Testing 3

Hypothesis 3 states that Corporate Social Responsibility has a positive and significant effect on Electronic Word of Mouth at PT Hayati and Craft Indonesia. Based on Table Regression Weight, the C.R. value is 4,082 > 1,645 and the P-value is *** (< 0,05). These results indicate that Corporate Social Responsibility has a positive and significant effect on Electronic Word of Mouth at PT Hayati and Craft Indonesia; therefore, Hypothesis 3 is accepted.

4. Hypothesis Testing 4

Hypothesis 4 states that Brand Equity has a positive and significant effect on Customer Loyalty

at PT Hayati and Craft Indonesia. Based on Table Regression Weight, the C.R. value is 3,266 > 1,645 and the P-value is 0,001 < 0,05. These results indicate that Brand Equity has a positive and significant effect on Customer Loyalty at PT Hayati and Craft Indonesia; therefore, Hypothesis 4 is accepted.

5. Hypothesis Testing 5

Hypothesis 5 states that Brand Equity has a positive and significant effect on Electronic Word of Mouth at PT Hayati and Craft Indonesia. Based on Table Regression Weight, the C.R. value is 3,385 > 1,645 and the P-value is *** (< 0,05). These results indicate that Brand Equity has a positive and significant effect on Electronic Word of Mouth at PT Hayati and Craft Indonesia; therefore, Hypothesis 5 is accepted.

6. Hypothesis Testing 6

Hypothesis 6 states that Electronic Word of Mouth has a positive and significant effect on Customer Loyalty at PT Hayati and Craft Indonesia. Based on Table Regression Weight, the C.R. value is 3,846 > 1,645 and the P-value is *** (< 0,05). These results indicate that Electronic Word of Mouth has a positive and significant effect on Customer Loyalty at PT Hayati and Craft Indonesia; therefore, Hypothesis 6 is accepted.

Analysis of Direct and Indirect Influences

Table 12. Analysis of Direct and Indirect Influences

Variable	Direct Influence	InDirect Influence	Information
CSR → <i>Brand Equity</i> → Customer Loyalty	0,066	0,150	Able to mediate
CSR → Electronic Word of Mouth → Customer Loyalty		0,124	Able to mediate

Source: Output Amos, 2025

Table Analysis of Direct and Indirect Influences shows that:

1. Direct Effect

Based on the AMOS output (2025), Corporate Social Responsibility (CSR) has a direct effect of 0,066 on Customer Loyalty. This coefficient is relatively weak, indicating that CSR is not able to

directly enhance Customer Loyalty at a meaningful level. In other words, although the company implements CSR activities, they are not strong enough to directly build customer loyalty without the involvement of other variables.

2. Indirect Effect

The indirect effect of Corporate Social Responsibility on Customer Loyalty through Brand Equity as an intervening variable is 0,150. This value is obtained from the multiplication of the effect of CSR on Brand Equity (0,476) and the effect of Brand Equity on Customer Loyalty (0,317). The comparison shows that the indirect effect is greater than the direct effect ($0,066 < 0,150$), indicating that Brand Equity is able to mediate the relationship between CSR and Customer Loyalty.

3. Comparison of Direct and Indirect Effects

Overall, it can be concluded that:

- a. The direct effect of CSR \rightarrow Customer Loyalty is 0,066.
- b. The indirect effect through Brand Equity is 0,150.
- c. The indirect effect through E-WOM is 0,124.

These results indicate that Brand Equity and Electronic Word of Mouth are able to mediate the effect of CSR on Customer Loyalty.

4. Analysis of Direct and Indirect Effects (Mediating Effect)

- a. The significance value (p-value) of the direct effect of CSR on Customer Loyalty is $0,450 > 0,05$, indicating that CSR does not have a significant effect on Customer Loyalty.
- b. The significance value (p-value) of the indirect effect of CSR on Customer Loyalty through Brand Equity is $*** \leq 0,05$, indicating that CSR has a significant effect on Customer Loyalty through Brand Equity.
- c. The significance value (p-value) of the indirect effect of CSR on Customer Loyalty through Electronic Word of Mouth is $*** \leq 0,05$, indicating that CSR has a significant effect on Customer Loyalty through Electronic Word of Mouth.

These findings indicate that a full mediating effect occurs, as the direct effect between the exogenous and endogenous variables is not significant ($> 0,05$), while the indirect effect is significant ($< 0,05$). Since both coefficients are

positive, it can be concluded that the research model demonstrates a positive full mediating effect.

DISCUSSION

The Influence of Corporate Social Responsibility on Customer Loyalty

The results of this study indicate that Corporate Social Responsibility (CSR) (X1) does not have a significant effect on Customer Loyalty (Y) at PT Hayati and Craft Indonesia. Therefore, Hypothesis 1 (H1), which states that Corporate Social Responsibility has a positive and significant effect on Customer Loyalty, is rejected. This finding implies that the presence or absence of CSR initiatives implemented by the company does not influence the level of customer loyalty toward the company.

The CSR activities carried out by PT Hayati and Craft Indonesia do not affect Customer Loyalty for several reasons:

1. **CSR implementation in 3T regions (underdeveloped, frontier, and outermost areas).** These regions are characterized by low levels of development, geographical isolation (border or remote island areas), and limited infrastructure compared to other regions. The majority of the population has relatively low levels of education due to limited educational facilities. The respondent data support this condition, showing that most loyal consumers of PT Hayati and Craft Indonesia have educational backgrounds at the elementary, junior high, or senior high school level (or equivalent). CSR activities tend to be better recognized and understood in urban communities, where people are more familiar with CSR concepts and their positive impacts.
2. **Consumer characteristics dominated by B2B (Business-to-Business) transactions.** The respondent data indicate that most consumers of PT Hayati and Craft Indonesia are entrepreneurs or business owners. Consumers with this profile tend to prioritize Brand Equity that can directly enhance product sales rather

than the social values associated with CSR activities.

3. **Consumer's perception and understanding of CSR benefits.**

Consumers are generally more interested in CSR activities that provide direct and short-term benefits. CSR programs with indirect and long-term impacts tend to receive less attention. Although CSR theoretically has the potential to enhance customer loyalty, in practice its effect largely depends on consumer's understanding of its benefits. There is a possibility that CSR programs are not optimally communicated to consumers, resulting in CSR values and benefits not being fully perceived. Thus, while CSR has the potential to increase loyalty, its actual impact is highly dependent on the effectiveness of CSR communication.

These findings are consistent with the study conducted by Adni, (2024), which found that Corporate Social Responsibility does not have a significant effect on Customer Loyalty. CSR that is not well managed or not aligned with customer values may reduce its impact on loyalty.

The Influence of Corporate Social Responsibility on Brand Equity

The results of this study indicate that CSR (X1) has a positive and significant effect on BE (Z1) at PT Hayati and Craft Indonesia. Therefore, Hypothesis 2 (H2), which states that Corporate Social Responsibility has a positive and significant effect on Brand Equity, is accepted. This finding implies that the better the CSR implemented by the company, the higher the level of Brand Equity achieved.

Resource-Based View (RBV) Theory explains the resources owned by a company and how these resources are managed and utilized effectively (Widagdo et al., 2019). In the context of RBV theory, CSR can be considered a valuable resource for the company. Through CSR initiatives, companies can enhance their brand image. Consumers tend to be more loyal to brands that are perceived as socially responsible, which in turn can strengthen Brand Equity (Anggorawati et al., 2021).

Companies that actively implement CSR indirectly promote their brand. The brand becomes more recognized as CSR activities increase. Brand Equity represents the identity that reflects the overall value of a product (Deccasari et al., 2024).

These findings are consistent with the study conducted by Anggorawati et al. (2021), which shows that Corporate Social Responsibility has a positive and significant effect on Brand Equity. The more CSR activities a company undertakes, the stronger its Brand Equity becomes in the eyes of customers.

The Influence of Corporate Social Responsibility on Electronic Word of Mouth

The results of this study indicate that Corporate Social Responsibility (CSR) (X1) has a positive and significant effect on Electronic Word of Mouth (EWOM) (Z2) at PT Hayati and Craft Indonesia. Therefore, Hypothesis 3 (H3), which states that Corporate Social Responsibility has a positive and significant effect on Electronic Word of Mouth, is accepted. This finding implies that the better the Corporate Social Responsibility implemented by the company, the higher the level of Electronic Word of Mouth generated.

RBV Theory explains the resources owned by a company and how these resources are managed and utilized effectively (Widagdo et al., 2019). In the context of RBV theory, Corporate Social Responsibility (CSR) can be considered a valuable resource for the company. From the customer's perspective, companies with a strong CSR reputation are more likely to stimulate Electronic Word of Mouth (EWOM). Customers not only share positive experiences but also defend the brand on online platforms. This occurs because they evaluate the company's products positively and recommend them to others by spreading positive EWOM (Sharma, 2023).

When a company demonstrates concern for the surrounding environment, consumers perceive the company as socially responsible. As a result, customers are more likely to recommend the company's products to others seeking advice. Over time, consistent implementation of CSR programs

can shape consumer attitudes to actively promote the company's products (Tasya et al., 2023).

These findings are consistent with the study conducted by (Tasya et al., 2023), which shows that Corporate Social Responsibility has a positive and significant effect on Electronic Word of Mouth (EWOM). The greater the CSR activities undertaken by a company, the more likely customers are to spread positive Electronic Word of Mouth about the company.

The Influence of Brand Equity on Customer

Loyalty

The results of this study indicate that BE (Z1) has a positive and significant effect on CL (Y) at PT Hayati and Craft Indonesia. Therefore, Hypothesis 4 (H4), which states that Brand Equity has a positive and significant effect on CL, is accepted. This finding implies that the stronger the company's BE, the higher the level of CL.

Resource-Based View (RBV) Theory explains the resources owned by a company and how these resources are managed and utilized effectively (Widagdo et al., 2019). In the context of RBV theory, Brand Equity is considered a valuable and unique resource that can provide a competitive advantage for the company. This resource is difficult for competitors to imitate, thereby creating long-term value (Hasanah & Wardianto, 2025).

Companies with strong Brand Equity gain sustainable competitive advantages. The development of Brand Equity adds value to products beyond their physical attributes. The stronger the Brand Equity of a product, the higher the level of customer confidence, which in turn enhances Customer Loyalty. This ultimately enables the company to generate sustained profits over time (Fadhil, 2019).

These findings are consistent with the study conducted by (Lesmana et al., 2021), which shows that Brand Equity has a positive and significant effect on Customer Loyalty among Xiaomi smartphone users in Tangerang. The better the company's Brand Equity, the higher the level of Customer Loyalty.

The Influence of Brand Equity on Electronic Word of Mouth

The results of this study indicate that BE (Z1) has a positive and significant effect on EWOM (Z2) at PT Hayati and Craft Indonesia. Therefore, Hypothesis 5 (H5), which states that Brand Equity has a positive and significant effect on EWOM, is accepted. This finding implies that the stronger the company's BE, the higher the level of EWOM generated by customers.

Resource-Based View (RBV) Theory explains the resources owned by a company and how these resources are managed and utilized effectively (Widagdo et al., 2019). In the context of RBV theory, Brand Equity is considered a valuable and unique resource that can provide a competitive advantage for the company. This resource is difficult for competitors to imitate, thereby creating long-term value (Wardianto et al., 2025).

Companies with high Brand Equity tend to gain greater trust from customers. When customers feel confident in the quality and reputation of a company, they are more likely to share their positive experiences through EWOM behavior, such as recommending the brand to others or sharing positive information about the brand on online platforms. Increased purchase intention toward a brand also encourages the formation of more intensive EWOM behavior (Prasetyo et al., 2023).

These findings are consistent with the study conducted by (Herniati, 2024), which shows that Brand Equity has a positive and significant effect on Electronic Word of Mouth (EWOM). Brand Equity plays an important role in shaping consumer attitudes and intentions, which subsequently drive the formation of positive Electronic Word of Mouth.

The Influence of Electronic Word of Mouth on Customer Loyalty

The results of this study indicate that Electronic Word of Mouth (EWOM) (Z2) has a positive and significant effect on Customer Loyalty (Y) at PT Hayati and Craft Indonesia. Therefore, Hypothesis 6 (H6), which states that Electronic Word of Mouth has a positive and significant effect on Customer Loyalty, is accepted. This finding implies that the

stronger the Electronic Word of Mouth, the higher the level of Customer Loyalty.

EWOM refers to all forms of communication conducted by consumers regarding products or brands through digital platforms, such as social media, forums, and review websites. In the context of RBV theory, EWOM can be considered a valuable resource, as it can influence consumer perceptions and purchasing decisions (Lucky et al., 2024).

Companies that receive positive reviews from customers are able to shape favorable perceptions and increase customer confidence in the quality of their products, which ultimately drives customer loyalty. Customers tend to trust information from other users more than advertisements, especially when the shared experiences align with their expectations. EWOM also creates a network effect that strengthens customers' emotional attachment to the brand (Dewi, 2022).

These findings are consistent with the study conducted by (Priyani, 2024), which shows that Electronic Word of Mouth has a positive and significant effect on Customer Loyalty. Satisfied and loyal customers are more likely to share their positive experiences through digital platforms.

CONCLUSION

Based on the results of the study, the following conclusions are obtained:

1. Corporate Social Responsibility does not have a significant effect on Customer Loyalty at PT Hayati and Craft Indonesia. CSR activities do not contribute to increasing customer loyalty.
2. Corporate Social Responsibility has a positive and significant effect on Brand Equity at PT Hayati and Craft Indonesia. The better the CSR implemented by the company, the higher the level of Brand Equity. CSR activities are able to strengthen the brand value of products in the eyes of consumers.
3. CSR has a positive and significant effect on Electronic Word of Mouth at PT Hayati and Craft Indonesia. The higher the CSR implemented by the company, the higher the level of Electronic Word of Mouth generated. CSR activities are able to encourage positive consumer communication in digital media.
4. Brand Equity has a positive and significant effect on Customer Loyalty at PT Hayati and Craft Indonesia. The higher the Brand Equity, the higher the level of Customer Loyalty. Strong brand value is able to enhance customer loyalty.
5. Brand Equity has a positive and significant effect on Electronic Word of Mouth at PT Hayati and Craft Indonesia. The better the Brand Equity, the higher the level of Electronic Word of Mouth generated by consumers. Consumers tend to share positive experiences when they have favorable perceptions of a brand.
6. Electronic Word of Mouth has a positive and significant effect on Customer Loyalty at PT Hayati and Craft Indonesia. The higher the Electronic Word of Mouth, the higher the level of Customer Loyalty. Digital recommendations and consumer communication play an important role in enhancing customer loyalty.

Based on the conclusions and results of this study, the following recommendations are proposed:

1. For PT Hayati and Craft Indonesia
 - a. Based on the findings, the Corporate Social Responsibility variable has the lowest indicator on the benevolence aspect. Therefore, PT Hayati and Craft Indonesia is recommended to improve communication regarding the benefits of CSR and its multiplier effects on the environment and society. A more intensive approach is needed to emphasize that CSR activities are conducted as a form of corporate social responsibility rather than merely for image-building or product promotion.
 - b. Based on the findings, the Brand Equity variable has the lowest indicator in terms of knowledge. PT Hayati and Craft Indonesia is advised to offer additional product variations to complement its main products while maintaining consistent quality.
 - c. Based on the findings, the EWOM variable has the lowest indicator in terms of knowledge. Therefore, PT Hayati and Craft Indonesia is recommended not only to create more engaging digital content but also to

provide product samples to potential customers.

- d. Based on the findings, the Customer Loyalty variable has the lowest indicator in terms of willingness to pay more. Therefore, PT Hayati and Craft Indonesia is advised to maintain competitive pricing and avoid exceeding market prices, as consumers have a limited willingness to pay for quality improvements.

2. For Future Researchers

Future researchers are expected to explore the relationship between CSR and Customer Loyalty in other industries or within more modern demographic contexts, such as urban areas. This study can serve as a reference for similar research by incorporating additional factors influencing Customer Loyalty that have not been examined in this study, thereby producing more accurate and comprehensive findings.

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