CHAPTER IV

DATA ANALYSIS AND DISCUSSION

This research aims to find out the significant role of CSR, perceived quality, and corporate reputation in influencing PWOM. The relation between reputation and PWOM, in this case is moderated by trust. The data used for this research is primary data from respondents' answer through questionnaire which is taken from 225 university students in Yogyakarta. All the answers will be the information to solve problem formulation in the first chapter.

According to problem formulation, theoretical framework, and interest in hypothesis testing, then the technical analysis used for this research is statistical analysis descriptive and quantitative analysis. Furthermore, the content of this chapter includes SEM analysis, validity test and reliability test with descriptive analysis through statistical analysis and results discussion.

4.1 Instrument Test

4. 1 .1 Result of Validity Test

The validity test with CFA test or Construct validity test is used to measure the indicator that is able or not able to reflect the laten variable. The result should fulfill Criteria Ratio (CR) > 1.96 with probabilty (P) < 0.05. This test uses AMOS. The result of validity test by using this method can be seen through the table 4. 1 below.

Table 4.1 *Validity Test Result*

			Estimate	S.E.	C.R.	P	Label
CR	<---	CSR	.192	.066	2.902	.004	par_13
CR	<---	PQ	.825	.119	6.950	***	par_15
PWOM	<---	CSR	.173	.089	1.981	.002	par_14
PWOM	<---	PQ	.615	.282	2.180	.029	par_16
PWOM	<---	CR	.222	.290	2.765	.044	par_17
CSR1	<---	CSR	1.000				
CSR2	<---	CSR	1.308	.164	7.953	***	par_1
CSR3	<---	CSR	1.417	.182	7.767	***	par_2
CSR4	<---	CSR	1.157	.164	7.035	***	par_3
PQ4	<---	PQ	1.000				
PQ3	<---	PQ	1.059	.143	7.410	***	par_4
PQ2	<---	PQ	1.052	.138	7.636	***	par_5
PQ1	<---	PQ	1.037	.137	7.562	***	par_6
CR1	<---	CR	1.000				
CR2	<---	CR	1.015	.116	8.783	***	par_7
CR3	<---	CR	1.051	.122	8.627	***	par_8
CR4	<---	CR	.974	.114	8.524	***	par_9
P1	<---	PWOM	1.000				
P2	<---	PWOM	1.102	.098	11.258	***	par_10
P3	<---	PWOM	1.076	.095	11.284	***	par_11
P4	<---	PWOM	.984	.101	9.789	***	par_12

Source: Primary Data Proceeded, 2015

Table 4. 1 shows that CR > 1.96, then the measurements of this research are valid. It means that all measurements used in the instrument which are related to CSR, perceived quality, corporate reputation, PWOM, and trust from Indomart and Alfamart customers are obviously valid and can be used for this research.

4. 1. 2 Result of Reliability Test

Reliability test with construct reliability test is used to examine data consistency. It works if Construct Reliability > 0.6. It categorizes

that the indicator is good. The result of reliability test of this research can

be seen from table 4. 2.

Table 4. 2 *The Result of Reliability Test*

			Estimate	$(\Sigma\lambda_i)^2$	$\Sigma(1-\lambda_i)_n$	$(\Sigma\lambda_i)^2 + \Sigma\varepsilon_i$	Construct Reliability
CR4	<---	CR	0.546				
CR3	<---	CR	0.815	2.806	1.194	4	0.7015
CR2	<---	CR	0.779				
CR1	<---	CR	0.666				
PQ4	<---	PQ	0.571				
PQ3	<---	PQ	0.683	2.677	1.323	4	0.66925
PQ2	<---	PQ	0.721				
PQ1	<---	PQ	0.702				
CSR1	<---	CSR	0.888				
CSR2	<---	CSR	0.975	3.827	2.107	5.934	0.644927536
CSR3	<---	CSR	0.997				
CSR4	<---	CSR	0.967				
T4	<---	T	0.899				
T3	<---	T	0.504	3.02	0.98	4	0.755
T2	<---	T	0.879				
T1	<---	T	0.738				
P1	<---	PWOM	0.701				
P2	<---	PWOM	0.759	2.858	1.142	4	0.7145
P3	<---	PWOM	0.731				
P4	<---	PWOM	0.667				

Source: Primary Data Proceeded, 2015

Base on the table above, the score of Construct Reliability of all

variables, which are CSR (0.705), perceived quality (0.669), corporate

reputation (0.645), PWOM (0.715), and trust (0.755) more than 0.6. It

shows that all answer from respondents is reliable and can be used for the

research.

4. 2 Descriptive Analysis

In this section, the data that will be analyzed is description results, including characteristic of respondents and assessment of all variables involved.

4. 2. 1 Characteristic of Respondents

a. Gender

Based on gender, then respondents in this research are classified as follows:

Table 4. 3 *Respondents' Gender*

Gender	Frequency	Percentage
Male	128	56.9%
Female	97	43.1%
Total	225	100%

Source : Primary Data Proceeded, 2015

There were 225 respondents involved in this study, and Table 4.3 shows that most of the respondents in this study is male which is 128 respondents or 56.9%, and for the female, it is only 43.1% which is 97 respondents.

b. University

Based on university background, and then respondents in this research are classified as follows:

Table 4. 4 *Respondents' University*

University	Frequency	Percentage
UII	175	77.8%
UGM	29	12.9%
UMY	14	6.1%
UAD	4	1.7%
Others	3	1.2%
Total	225	100%

Source : Primary Data Proceeded, 2015

It can be seen from table 4. 4 that most of respondents in this study are from Universitas Islam Indonesia which is 77.8%. Universitas Gajah Mada owns the second position for the background of respondents that is 12.9%. There is only a few respondents from Universitas Muhammadiyah Yogyakarta and Universitas Ahmad Dahlan. The last one is respondents who are from other universities, which is only 1.2% of the total respondents.

c. **Family Background**

Based on family background, the respondents in this research are classified as follows:

Table 4. 5 *Respondents' Family Background*

Family Background	Frequency	Percentage
Civil Servant	90	40%
Military	5	2.2%
Entrepreneur	118	52.5%
Others	12	5.3%
Total	225	100%

Source : Primary Data Proceeded, 2015

The table above describes the family background of respondents in this study. Entrepreneur owns the highest percentage of 52.2 %, which means there were 118 respondents. Meanwhile, Military is the lowest, 2.2% as same as 5 respondents. For people who chose others, are farmer family.

d. **Monthly Expenditure**

Based on the monthly expenditure, the respondents in this research are classified as follows:

Table 4. 6 *Respondents' Monthly Expenditure*

Monthly Expenditure	Frequency	Percentage
< Rp1,000,000	49	21.8%
Rp1000,000-Rp2,000,000	115	51.1%
> Rp2,000,000	61	27.1%
Total	225	100%

Source : Primary Data Proceeded, 2015

Table 4. 6 shows the number of respondents based on their monthly expenditure. It can be concluded that most of the respondents are the people who spend Rp1000,000-Rp2,000,000 per month, that are 52.1%, which is equal to 225 people

4. 2. 2 Customer Perception of the Variables CSR, Perceived Quality, Corporate Reputation, PWOM, and Trust

The assessment will be from the average score of each variable. The interpretation of all variable will be determined by the average score that is based on the following limitation below:

Lowest score perception is 1

Highest score perception is 5

$$Interval = \frac{(5-1)}{5} = 0.8$$

Then the perceptual limit that is required by this study will be showed through table 4. 7 below:

Table 4. 7 *Customer Perception Criteria*

Interval	CSR	Perceived Quality	Corporate Reputation	PWOM
1.00 – 1.79	Very bad	Very bad	Very bad	Very bad
1.80 – 2.59	Bad	Bad	Bad	Bad
2.60 – 3.39	Fair	Fair	Fair	Fair
3.40 – 4.19	Good	Good	Good	Good
4.20 – 5.00	Very Good	Very Good	Very Good	Very Good

The assessment for CSR can be seen from respondents' answer in the table 4. 8 below:

Table 4. 8 *Assessment of CSR Variable*

No.	Question	Average	Criteria
1.	You know that Indomart and Alfamart give contribution in UMKM development.	3.476	Good
2.	You know that Indomart and Alfamart focus on fairness development through sport.	4.3156	Very Good
3.	You know that Indomart	4.3822	Very Good

	and Alfamart contribute to education quality improvement in Indonesia.		
4.	You know that Indomart and Alfamart participate in environment conservation through donation and helping disaster victim.	3.4717	Good
	Average	**3.9113**	**Good**

Source: Primary Data Proceed, 2015

Based on the result of descriptive analysis as shown in table 4. 8, the average assessment of the respondents' awareness towards CSR of selection retail businesses is 3.9113, which is good. The highest assessment occurs to the customer knowledge about Indomart and Alfamart contribution for education quality with an average score of 4.382 (very good), while the lowest score is on customer knowledge about these retail businesses' participation in environment conservation and charity for disaster victim with average of 3.471 (good). These mean that customers are aware about the CSR of Indomart and Alfamart which will then affect the corporate reputation.

The assessment for perceived quality can be seen from respondents' answer in the table 4. 9 below:

Table 4. 9 *Description of Perceived Quality Variable*

No.	Question	Average	Criteria
1.	All products offered are guaranteed quality.	3.6133	Good
2.	Customer service is fast respond in facing customer complain.	4.2133	Very Good
3.	All employees in every branch are very friendly.	3.4356	Good
4.	The product price is worth to the quality of the product.	3.8576	Good
Average		**3.780**	**Good**

Source: Primary Data Proceed, 2015

Based on the result of descriptive analysis as in table 4. 9, it shows that most of the items criteria are good and even better. The average score of respondents' perceived quality towards the two retail businesses is 3.780 (good). However, the lowest score is on the friendliness of the employees, which is only 3.435 (good), while the highest score is owned by fast-respond customer service, which is 4.213 (very good). Overall, the average score of perceived

quality indicates that these retail businesses have already given very good quality, in terms of service and product. It is expected to positively affect corporate reputation.

The result of the descriptive variable of corporate reputation can be seen from respondents' answer in table 4. 10 below:

Table 4. 10 *Description of Corporate Reputation Variable*

No.	Question	Average	Criteria
1.	The company has a good reputation in the market.	3.5244	Good
2.	The company has high-qualified employees.	4.1778	Good
3.	Corporate culture and system are very good.	3.6911	Good
4.	The company has a beneficial competitive advantage.	3.5600	Good
Average		**3.738**	**Good**

Source: Primary Data Proceed, 2015

Based on the result of descriptive analysis as shown in table 4. 9, the average score for corporate reputation items measurement is 3.738 (good). The highest score given by respondents is the high-qualified employees who work for those

retail businesses, which is 4.1778 (good). Good reputation in the market holds the lowest score which is 3.5244 (good). It indicates that respondents are able to feel the qualification of employees who work for those business more than they hear about the reputation of the companies.

The assessment for PWOM can be seen from respondents' answer in the table 4. 11 below:

Table 4. 11 *Description of PWOM Variable*

No.	Question	Average	Criteria
1.	You would love to recommend this company to others.	4.0489	Good
2.	You motivate others to be the customer of these retail businesses.	3.9333	Good
3.	You do not like when people talk about negative thing of these companies.	3.7778	Good
4.	You often discuss with others about the product and service from these companies.	3.8889	Good

Average	**3.9122**	**Good**

Based on the result of descriptive analysis as shown in table 4. 11, the highest score is respondents love to recommend the company to others, which is good with average score 4.0489. Meanwhile, respondents do not like when people talk negatively about the company only have 3.7778 (good) average score. The total average score for PWOM is 3.9122, which indicates that respondents would like to promote the company through positive word-of-mouth.

The assessment for trust can be seen from respondents' answer in table 4. 12 below:

Table 4. 12 *Description of Trust Variable*

No.	Question	Average	Criteria
1.	You fully trust all products offered by these companies.	3.9689	Good
2.	These companies are honest about all their product and activities.	3.5156	Good
3.	These companies fully guarantee their product quality.	3.4444	Good

4.	You will keep consistent to buy other products from these retail businesses.	3.7778	Good
Average		**3.6767**	**Good**

Source: Primary Data Proceed, 2015

Based on the result of descriptive analysis above, it shows that the average score for trust is 3.6767 (good). The highest average score is on respondents fully trust the product offered by those companies, which is 3.9689 (good) and the lowest average score is 3.4444 (good) to the way those companies guarantee their product quality. It means that even though those retail businesses guarantee their product quality, it does not affect respondents at all since most of respondents already fully trust the company. It indicates that trust has a big influence to set customer mind-set about the business.

4. 3 Normality Data Test

Normality data test is used to detect the existence of extreme data and to analyze the level of normality data for this research. The normality data test of this research use Outlier Mahalonobis test to detect the existence of extreme data. If the value of Mahalanobis statistic < chi-

square distribution table, then the conclusion is there is no outlier data or extreme data in this research.

Based on the table attached, Mahalanobis score < chi-square distribution table with DF 164, the result of chi-square is 198.8. It means that there is no outlier data or extreme data in this research.

4. 4 Analysis of Structural Equation Model

Quantitative analysis that is used for this research is path analysis with SEM assumption testing. Structural Equation Model (SEM) is statistical technique to simultaneously examine relation among variables that relatively complicated. This analysis is used to discover the impact of relationship among CSR, perceived quality, and corporate reputation towards PWOM, which is trust as moderating variable between corporate reputation and PWOM.

4. 4. 1 The Result of Validity and Reliability Test

The researcher tests the validity of each observed variable using convergent validity. Convergent validity can bee seen from measurement model by deciding whether the each estimated indicator able to measure concept dimension. An indicator shows the significance of convergent validity if the coefficient of indicator variable or critical ration (Ferdinan, 2002) is twice bigger than its error standard (Reza, 2015; Anderson & Gerbing, 1998). AMOS version 20 facilitates validity testing with loading standard criteria (λ) > 0.5 and it is reliable when construct reliability > 0.7.

This study uses construct reliability to count reliability index from SEM, The formula of construct reliability is from Fornle and Laker's (1981), as follows:

$$Construct\ Reliability = \frac{(\Sigma\lambda_i)^2}{(\Sigma\lambda_i)^2 + \Sigma\varepsilon_i}$$

λ_i: loading standard of each observed variable

ε_i: error (1-reliability indicator)

Table 4. 13 *The Result of Item Validity and Reliability Testing*

Variable	Indicator	(λ)	(ε)	t-value	Construct Reliability	Note
CSR					0.705	Reliable
	CSR1	0.546	0.753			Valid
	CSR2	0.815	0.405	7.953		Valid
	CSR3	0.779	0.379	7.767		Valid
	CSR4	0.666	0.739	7.035		Valid
Perceived Quality					0.669	Reliable
	PQ1	0.702	0.755	7.410		Valid
	PQ2	0.721	0.479	7.636		Valid
	PQ3	0.683	0.388	7.410		Valid
	PQ4	0.571	0.407			Valid
Corporate Reputation					0.645	Reliable
	CR1	0.888	0.442			Valid
	CR2	0.975	0.386	8.783		Valid
	CR3	0.997	0.367	8.627		Valid

|						
	CR4	0.967	0.386	8.524		Valid
PWOM					0.715	Reliable
	P1	0.701	0.383			Valid
	P2	0.759	0.290	11.258		Valid
	P3	0.731	0.318	11.284		Valid
	P4	0.667	0.503	9.789		Valid

Source: Primary Data, 2015

Based on validity convergent criteria, if t-value > 1.96, then that indicator significant at the level of $\alpha = 0.05$ (Holmes, 2001) as cited in Reza, 2015. Holmes and Smith (2001) also said that the reliability index is reliable when the value > 0.5. The table above shows that the value of construct reliability even more than 0.6, it means that all the item used in this research are reliable, which indicates all the construct indicator have consistency and stability.

4. 4. 2 Goodness of Fit Test

Goodness of Fit Test model to examine the model used in the research. Goodness of Fit test determines the impact of relationship among CSR, perceived quality, corporate reputation, and PWOM which trust as moderating variable. In this research, the model used is from DeLone and McLean (2003).

Figure 6. **Structural Equation Model**
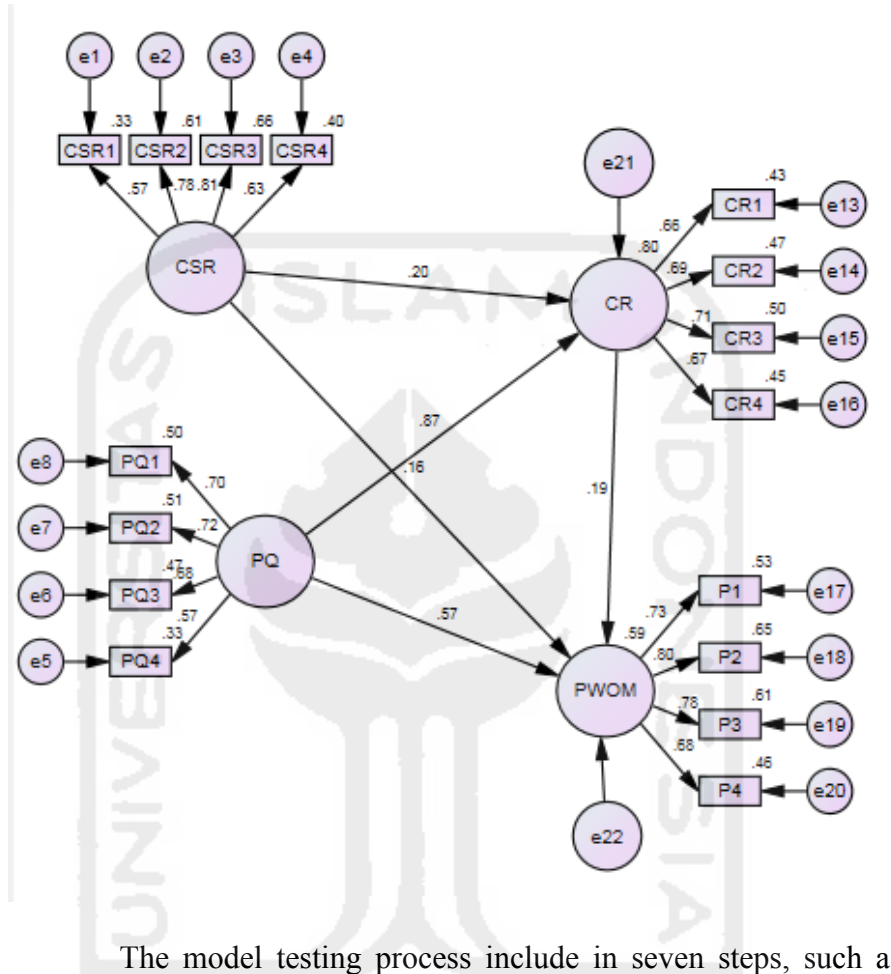
The model testing process include in seven steps, such as $\chi 2$ to degrees-of-freedom (df), goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), Incremental Fit Index (IFI), Tucker Lewis Index (TLI), normalized fit index (NFI), comparative fit index (CFI), and root mean square error of approximation (RMSEA) with specific recommendation value (Wang & Liao 2008). The score of df = 164, with significance 5%, and the result from using Microsoft excel is 198.8.

Table 4. 14 *Test Model Index*

Index	Value	Analysis	Model
Chi Square	$\leq$ 198.8, Chi Square for df is 164; Sig level 5% = 198.8	141.053	Good
GFI	> 0.05	0.974	Good
AGFI	> 0.09	0.927	Good
IFI	> 0.09	0.989	Good
TLI	> 0.09	0.964	Good
CFI	> 0.09	0.987	Good
NFI	> 0.09	0.935	Good
RMSEA	< 0.08	0.008	Good

The table above shows if the score of GFI, AGFI, IFI, TLI, CFI, and NFI are more than 0.9 while RMSEA is less than 0.8, then the condition of the index is good enough, which is called as marginal. Beside that step, there is another step to analyze the F test by adding one more variable test, called Chi Square. If Chi Square is already fulfilled, then the model is good, and other variables just act as supporter to prove that the model is fit.

4. 5 Hypothesis Testing

Hypothesis test is done based on the result of structural model analysis (inner model) which include coefficient parameters and p-value.

1) Inner Model Test

Statistical hypothesis of exogenous variable towards endogen variable.

Table 4. 15 *Inner Model Index*

Endogen Function		Direct Effect			
		Corporate Reputation (Y1)		PWOM (Y2)	
Exogenous Function		Coef.	p-value	Coef.	p-value
CSR	X1	0.192	0.004	0.173	0.002
Perceived Quality	X2	0.825	0.000	0. 615	0.029
Corporate Reputation	Y1	-	-	0.222	0.044

Source : Primary Data Proceed, 2015

The table above shows that :

a. CSR significantly influence CR, it can be seen from *p-value* < α, which is α equal to 0.192 and p-value equal to 0.004. It shows that **the first hypothesis is accepted.**

b. CSR significantly influence PWOM, it can be seen from *p-value* < α, which is α equal to 0.173 and p-value equal to 0.002. It shows that **the second hypothesis is accepted.**

c. PQ significantly influence CR, it can be seen from *p-value* < **α**, which is **α** equal to 0.825 and p-value equal to 0.000. It shows that **the third hypothesis is accepted.**

d. PQ significantly influence PWOM, it can be seen from *p-value* < **α**, which is **α** equal to 0.615 and p-value equal to 0.029. It shows that **the fourth hypothesis is accepted.**

e. CR significantly influence PWOM, it can be seen from *p-value* < **α**, which is **α** equal to 0.222 and p-value equal to 0.044. It shows that **the fifth hypothesis is accepted.**

2). Hypothesis Testing for Trust

Here is the hypothesis testing for trust as the moderating variable that affects relationship between corporate reputation and PWOM. The test uses simple regression analysis and a software called SPSS version 17, as follows:

Table 4. 16 *Hypothesis Testing for Trust*

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	12.131	.302		40.109	.000
moderating	.028	.079	.024	3.355	.023

Source: Primary Data, PWOM as dependent variable

From the table above, the hypothesis test criteria is as follow:

H_0 : Trust does not moderate the relation between corporate reputation and PWOM

H_1: Trust moderates the relation between corporate reputation and PWOM

Based on the table above, the result generates p-value 0.023 from t testing. Since p-value is less than significantly $\alpha = 5\%$ or $(0.023 < 0.05)$, then H_0 is rejected; which means that trust variable moderates corporate reputation and PWOM variable.

4. 6 Path Analysis

a. Direct Effect

1) X1 → Y2= 0.173 → Direct effect of CSR towards PWOM

2) X2 → Y2= 0.615 → Direct effect of perceived quality towards PWOM

3) Y1 → Y2= 0.222 → Direct effect of corporate reputation towards PWOM

b. Indirect Effect

1) X1 → Y1 → Y2 $= (\beta X_1 Y_1) \times (\beta Y_1 Y_2)$

$$= 0.192 \times 0.222 = 0.043$$

→ Indirect effect of CSR towards PWOM through corporate reputation as intervening variable.

2) X2 → Y1 → Y2 $= (\beta X_2 Y_1) \times (\beta Y_1 Y_2)$

$= 0.825 \times 0.222 = 0.183$

➔ Indirect effect of perceived qualiity towards PWOM through corporate reputation as intervening variable.

Tabel 4. 17 *Direct and Indirect Effect*

Direct Effect	Indirect Effect	Total Effect	Description
X1 → Y2 = 0.173	X1 → Y1 → Y2 0.192 x 0.222 = 0.043	0.192 x 0.222 + 0.173 = 0.216	The effect of X_1 towards Y2 through Y1
X2 → Y2 = 0.615	X2 → Y1 → Y2 0.825 x 0.222 = 0.183	0.825 x 0.222 + 0.615 = 0.798	The effect of X_2 towards Y2 through Y1
Y1 → Y2 = 0.222			

Source: Primary Data Proceed, 2015

4. 7 Results Discussion

This research aims to examine the relationship among CSR, perceived quality, and corporate reputation towards positive word-of-mouth where trust acts as the moderating variable between corporate reputation and PWOM. Six hypotheses that have been generated in the previous chapter shows the expected results in this chapter. Similar to Lim et al. (2013) and Ribbink et al. (2004) as cited in Utami (2015) stated that the six hypotheses (H1-H6) in the chapter three shows various results in this research.

4. 7. 1 The Impact of CSR on Corporate Reputation

The first objective of this research was to obtain a better understanding of how CSR affect corporate reputation that ultimately affects PWOM. The existence of CSR takes an important role in many companies. Luo and Bhattacharya (2006) as cited by Choi and La (2013) stated that CSR has been increasingly important over the years since many companies set it as their priority. Regarding to that issue, several researchers have examined the relationship of CSR to various variables. Those researches found that consumer product responses are influenced by CSR either directly or indirectly (Choi & La (2013); Brown,

1998; Brown and Dacin, 1997). Moreover, it can also influence customer-company identification (Sen and Bhattacharya, 2001) and behavioral intentions (Whalen et al. 1991).

Liu et. al. (2013) added that the influence of CSR on actual customers behavior is still unclear., even there are many research about it. Through this study, the researcher found that Indomaret and Alfamart success to build awareness about their CSR to customer. The customer of these retail business highly understand about their CSR program since the respondents of this study are the consumers who are looking for more information about their rights and about the responsibility of the companies toward society. Then it is obviously relevant to understand the influence of CSR on society and toward consumers' purchase/repurchase intention (Titus & Bradford, 1996).

It means that CSR program become one of the business competitive advantages since it affects company reputation in the eyes of consumer. Furthermore, another researcher conducted by Kim et. al. (2011) found that CSR activities exerts a meaningful effect on corporate image. Porter and Kramer (2006) added that CSR campaigns improve the corporate image and reputation.

The researcher concludes that CSR positively affects corporate reputation from customer point of view, especially when the consumer have a good understanding about the program.

Similar research by Gatti et. al. (2012) had proven that CSR has direct effect on corporate reputation and ultimately on purchase intention.

4. 7. 2 The Impact of CSR on PWOM

In general, CSR refers to an activity that contributes to society (Liu et. al., 2013; Turker, 2009). Along similar lines, Murray and Vogel (1997) claimed that corporate CSR activities that address social issues lead people to have positive impression of the business. Mostly, consumer or people in the market would love to share the information about the brand, product, and company to others when they have been impressed. In addition, Berens et al., (2005) as cited in Hoi and La (2013) said that the importance of CSR continually increase, owing to its impact on customer attitudes toward a product. Their research suggested that perceived CSR has a direct and indirect positive effect on loyalty, which resulted in positive word-of-mouth.

CSR campaign create consumer awareness of the brand that lead to company brand evaluation, it is the same as mentioned by Liu et. al. (2013) and Sen et al. (2006) in their research. This study also finds that respondents often discuss about the product and service of Indomaret and Alfamart in order to evaluate their performance. When they find it is good and positive, they would

love to promote these retail businesses.

If the consumers feel directly in reality about the goodness of the brand, hence they may do PWOM without hesitation and do not like when there is negative issue either about the company or brand. Another similar research conducted by Alamro and Rowley (2011) found that positive publicity has a positive impact on brand preference. Therefore, it proves that CSR has direct impact to PWOM.

4. 7. 3 The Impact of Perceived Quality on Corporate Reputation

The association between institutional image or reputation and perceived quality is essential to determine consumer behavior. A previous research found that corporate reputation increase perceived value that ultimately influences consumer loyalty. Institutional image or reputation is often more significant than quality since perceived image actually inspire choices (Hashim et. al., 2015; Kotler & Fox, 1995).

The finding of this study proves that when high quality product promised by the business is felt by the consumer, then the corporate reputation will be improved. It is like when the business success to prove its words, then the consumer will trust the company. Consequently, it improves corporate reputation. The researcher concludes that perceived quality positively affect

corporate reputation. More than that, perceived quality is significantly stronger to affect corporate reputation compared to CSR.

4. 7. 4 The Impact of Perceived Quality on PWOM

Fornell et al. (2006) as cited by Ogba and Tan (2009) developed a model called the Customer Satisfaction Index to discover that the outcomes of perceived quality and brand image could be customer satisfaction. Fornell et al. (2006) study concluded that customer perceived quality resulted in strong satisfaction and customer loyalty. When the customer is loyal to the company or brand, so they would like to promote it through PWOM. Similarly, brand image has positive impact on customer perceived quality, satisfaction, loyalty and commitment (Andreassen & Lindestad, 1998; Bloemer et al., 1998; Oliver, 1999; Easingwood & Murphy, 2001; Fornell et al., 2006).

This study finds that the most perceived quality that affects respondents is the way customer service of a business react to deal with customer complain. The fastest it is, the better it would be. Another thing on perceived quality that influences PWOM is about the product price. If the price of the product is worth it to the quality of the product, then it will create positive opinion among customer that motivates them to do positive word-of-mouth.

Good image can be seen through higher value products/services delivered. This study also find that most of respondents like act positively when they find the business has a good service as good as their product, for example the friendliness of the employees. It strongly influences the way customer perceives the quality of the business. It means that this study succeds to prove that perceived quality has direct impact to PWOM and it is even stronger than CSR. The same finding said that when favorable perception of image/reputation is supposed have significant positive influence on loyalty, it indeed possible leads to PWOM (Hashim et. al., 2015; MacMillan et al., 2005).

4. 7. 5 The Impact of Corporate Reputation on PWOM

In this section, the researcher will explain about the impact of corporate reputation on PWOM where CSR and perceived quality has a role as the antecedent variables affect corporate reputation. A research that has been done by Liu et. al. (2013) identified that brand preference gives impact to perceived CSR initiatives on customer's behavioral intentions.

As cited in Dlacic and Zabkar (2012), company image differs among customers based on previous consumption experiences, which influences the overall impression about a company, brands, and its services/products (Nguyen & Leblanc,

2001). Consequently, it forms company image (Dichter, 1985, p.75 in Dowling, 1988). Therefore, company image will be created among customers (Bloemer, deRuyter, Peeters, 1998).

This study finds that Indomaret and Alfamart have a good reputation in the market. Most of respondents said that it happen because these retail businesses have high-qualified employees. In addition, its corporate culture and system also take a part in forming corporate reputation. These qualities are perceived by customer that lead to PWOM. All the perceived quality of product and service and CSR program significantly influence corporate reputation that motivates customer and consumer to do PWOM. Lai et al. (2010) found that the relationship between CSR and brand performance are partially mediated by corporate reputation to achieve PWOM.

Indirect effect of perceived quality towards PWOM through corporate reputation is significantly stronger compared to its direct effect to PWOM. It means that perceived quality has an important role as an antecedent variable of corporate reputation that leads respondents to PWOM.

4. 7. 6 The Moderating Effect of Trust on the Relationship between Corporate Reputation and PWOM

It is easier to build trust in physical business rather than in

e-commerce (Hidayanto et. al., 2014). Another study by Moorman, Zaltman and Deshpande (1992) defined trust as a dependency with an expectation of adversaries' words that are reliable (Kim & Park, 2012). Moreover, Moorman et al. (1992) said that trust is the extension of what customers believe to a certain thing to depend on (Kim & Park, 2012).

Emotional trust is customer belief about a company based on emotional feeling they feel from company's attention to the customers, and it is a concept shaped during emotional relationship between customers and the company (Kim and Park, 2012; Rempel et. al., 2002).

The results show that customer trust serves as a key mediating variable in the relationship between corporate reputation and PWOM since respondents prove that they fully trust all products offered by the two retail business, which are Indomaret and Alfmart. Based on Choi and La (2013), it was the key mediating between service recovery and loyalty, as known that PWOM is one of the forms of loyalty.

Choi and La (2013) current findings suggested that CSR initiatives are able to help rebuilding customer trust. The strong partial mediation effect of customer trust indicates that consumers' positive perceptions of CSR lead to customer trust, in turn, influences loyalty. Consequently, PWOM is indeed possible to be

done.

As cited by Lin and Lu (2010) and Arndt (1967), word-of-mouth as the verbal communication behavior related to a certain brand, product, or service among individuals. It is especially for those who receive information and those who spread information without having any commercial intentions. Silverman (2001) defined word-of-mouth as the independent communication regarding products and services between consumers through non-marketing channels without supplier's participation.

Furthermore, another dimension of customer trust performance is word-of-mouth (WOM) intention (Hong & Yang, 2009). In this study, PWOM intention refers to which extent customers are willing to exchange positive evaluation about a product or service based on direct or indirect experience to the other customers, both online and offline (Hidayanto et. al., 2014; Kim & Park, 2012).

Studies have claimed that favorable corporate image helps build trust in an organization and attract the stakeholders (Hashim, et. al., 2015; Fombrun & Shanley, 1990; Van Riel, 1995). In this study, trust moderates the relationship between corporate reputation and PWOM. Based on the literature pertaining to customer expectations and trust, as discussed above, CSR campaigns inspire customers to have higher level of trust in a

brand, resulting in a stronger brand preference. In addition, the data collected for this study proves that trust has a big role to influence PWOM. Most of respondents claimed that the quality of a product or service is not that matter when they have trusted the brand or company. It shows that trust is customer priority.