

THE INFLUENCE OF CREATING SHARED VALUE (CSV) ON PT PEGADAIAN BRAND IMAGE AND CUSTOMER LOYALTY

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ABSTRACT

This research aims to analyze the influence of creating shared value (CSV) on brand image and customer loyalty at PT Pegadaian. CSV is an independent variable that contains aspects of social, environmental and economic values. CSV performance is focused on PT Pegadaian CSV program, namely sorting waste, saving gold and the gade integrated farming. This research uses an ex post facto quantitative approach with a structural equation model (SEM) which is operated using Amos version 24. Respondents in this research are customers or customers of PT Pegadaian who receive the benefits of the CSV program, namely the waste bank program for sorting waste, saving gold and the integrated gade. farming. Validity testing uses confirmatory factor analysis (CFA) and reliability uses construct measurement values with valid and reliable results. Data analysis uses descriptive statistical analysis and path analysis. The results of the research show that there is a positive and significant influence between social and brand image, there is no significant influence between the environment and brand image, there is a positive and significant influence between the economy and brand image, and there is a positive and significant influence between brand image and customer loyalty. The results of this research provide information that the higher the CSV performance, the more it provides a positive image for the company which influences customer loyalty.

Keywords: *creating shared value, brand image, customer loyalty*

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INTRODUCTION

The development of the business world in the current increasingly advanced era of globalization certainly has an impact on increasingly tight business competition in various sectors, both companies producing goods and companies in the service sector. In line with this, the business sector is also the main cause of social, environmental and economic problems, including financial services institutions. Porter and Kramer argue that companies can provide benefits to society and increase their economic competitiveness at the same time. They suggested the need for a higher form of capitalism in which profit-making is combined with social goals. The concept specifically highlights the limits of current business strategies driven by the pressures of shareholder-focused capitalism and a one-dimensional emphasis on short-term results. So based on this concept the business world can optimize the identification of social problems as part of corporate business strategy (Kim et al., 2021; Porter & Kramer, 2011).

Since the concept of Creating Shared Value (CSV) was introduced, CSV was able to significantly influence the views of company management so that CSV was finally adopted as part of the development of new business models by leading private companies. Good practices related to CSV such as those carried out by Nestle in the Nescafe Plan product in supporting and utilizing local farmers, they help farmers assess water resources, soil quality and biodiversity and help utilize advanced production technology, which ultimately improves the quality of Nescafe raw products (Almira & Rusfian, 2023; Lace Silvia Mattei, 2015; Storm et al., 2020). Another example is Adidas by partnering with the marine environmental protection

community, Parley for the Oceans, to introduce footwear that recycles marine nets and shows an increase in fans or customers in terms of sustainability (Kim et al., 2021; McCullough & Trail, 2023).

One of the challenges faced by companies is how to build and maintain good communication patterns with their customers. The general social exchange theory was introduced by George C. Homans and used by Ardvin Kester S. Ong, et al in his study emphasizing social exchange theory into the dimension of trust in service quality as the most influential factor on customer satisfaction after service quality on customer satisfaction (Kester S . Ong et al., 2024). The implementation of Creating Shared Value focuses on efforts to expand the relationship between societal progress and economic growth simultaneously, so that this is closely related to the involvement aspect. Fundamentally, this concept puts forward the assumption that economic and social progress must be carried out within the framework of value principles. In this context value is defined as benefits relative to costs, not just benefits alone.

PT. Pegadaian as a financial services institution which operates in the pawn loan, non-pawn loan and service business also has many business competitors which continue to grow, which requires it to continue to innovate and strengthen business ethics to maintain customer loyalty. This level of loyalty can be measured by the number of customer account growth which fluctuates from year to year. The growth of private pawn companies experienced significant growth with financing performance growing by 91.38 percent on an annual basis (year-on-year) to IDR 1.38 trillion in 2022. Based on official pawn company directory data submitted by the Financial Services Authority as of October 2022, currently there are 131 private pawn entities, consisting of 111 licensed entities and 20 registered entities. This shows that the ecosystem and growth of the pawn industry have received a positive response of trust from the public. Apart from the financial performance and service quality of PT. Pegadaian through its corporate social responsibility program carries out a CSV-based program to build engagement with customers. PT Pegadaian (Persero)'s Gold Saving Waste Sorting Program (MSME) has collaborated with 57 Waste Banks spread throughout Indonesia to increase public literacy in managing waste to make it valuable in exchange for gold, which ultimately results in people buying gold from PT. Pegadaian.

Researchers have found that brand image can help build customer loyalty to the brand itself (Kim et al., 2021; Wang et al., 2024; Yohana F. C. P. Meilani & Ian N. Suryawan, 2020). When consumers judge it to be profitable, then they prefer that brand, which leads to purchasing decisions and actual purchases for the most preferred brand, this ultimately gives rise to positive brand emotions, drives increased brand awareness and fosters high intention to purchase that brand (Sindarto & Ellitan, 2023; Wang et al., 2024). Brand image dimensions are determined by various factors, including mystery, namely interactions that can shape customer beliefs and thoughts, second, sensuality based on customer experience, and third, intimacy, namely a concept that focuses on emotions and is formed due to customers' subjective feelings, for example joy (Cho & Fiore, 2015) . Previous researchers found that social, environmental and economic values in CSV aspects can influence brand image and customer loyalty (Kim et al., 2021). Based on the arguments above, researchers want to prove whether the CSV concept can influence brand image and customer loyalty, especially in financial services institutions, namely PT Pegadaian.

METHOD

Research design

This research uses a quantitative approach, a non-experimental ex post facto method because PT Pegadaian CSV-based CSR program has been implemented previously and uses a correlational type because the researcher wants to find out the influence of the independent variable (CSV) on the impact caused by the dependent variable, namely customer loyalty. (Leavy & Patricia, 2017).

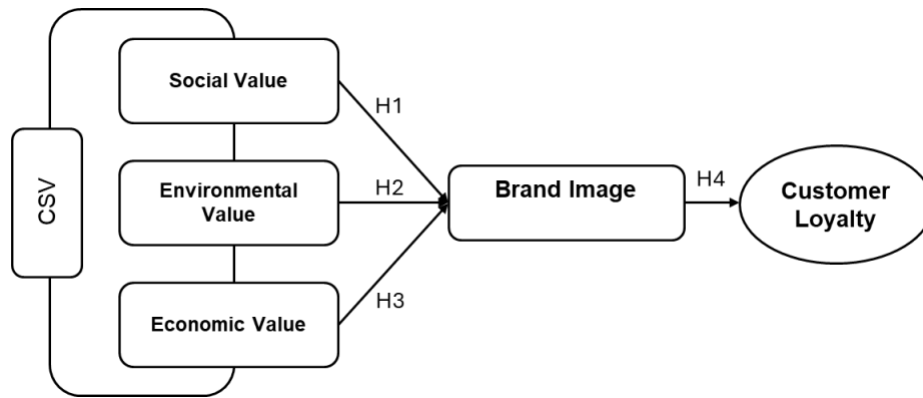


Figure 1. Research Design

Table 1. Variabel Penelitian

Variabel	Indikator	Jumlah Item Pernyataan
Social Value	<ul style="list-style-type: none"> According to community needs Oriented to solving problems or developing potential in society use effective and efficient investments 	3 statements
Environment Value	<ul style="list-style-type: none"> Environmentally friendly business activities Create environmentally friendly habit Responsible for environmental conservation effort 	3 statements
Economic Value	<ul style="list-style-type: none"> Improve product quality Company financial performance Local economic development 	3 statements
<i>Brand Image</i>	<ul style="list-style-type: none"> Business ethics Provide benefits to society Be the first choice 	6 statements
Customer Loyalty	<ul style="list-style-type: none"> Use other products/services Repurchase Recommend products 	5 statements

Samples, Data Collection Methods, and Instrument Tests

The population in this research is PT Pegadaian customers who receive the benefits of a CSV-based CSR program, namely the Gold Saving Waste Sorting (MSME) program. The sampling technique that will be used by researchers uses purposive sampling with established

criteria. Sampling was carried out using the Slovin formula with a margin of error of 5% to obtain the following sample size:

Table 2. Population and Sample

No	CSV Program Name	Number	Criteria	Population	Sample (Margin of Error 5%)
1	Sorting Waste Saving Gold (MSME)	57	1. Chairman of the Waste Bank Management 2. Secretary	114	89
2	The Gade Integrated Farming	8	1. Group Leader 2. Group Representative	16	16
Total Sample					105

Source: Results of sampling using Ms. Excel

The data collection method uses a questionnaire developed by the researcher and the validity and reliability of the instrument is tested using the Confirmatory Factor Analysis (CFA) test. The indicator for determining whether the variables used in this research are reliable or not uses the construct measurement value, namely if the value is between 0.6-0.7 indicating an acceptable level of reliability, and 0.8 or greater is a very good level (Ursach et al , 2015). The Goodness-of-Fit Model test in Structural Equation Modeling (SEM) using AMOS aims to assess the extent to which the proposed model fits the data obtained. Several indices used to measure goodness-of-fit include:

Table 3. Conformity Level Test Results (*Goodness-of-Fit Model*)

Measurement <i>Goodness-of-fit</i>	Acceptance Limits Recommended	Early Models		Treatment Models	
		Value	Decision	Value	Decision
<i>p-value</i>	0,05 or > 0,05	0,000	Not Good Fit	0,004	Not Good Fit
RMSEA	range between 0,05 - 0,08	0,108	Not Good Fit	0,060	Good Fit
CFI	≥ 0,90 atau near 1	0,724	Not Good Fit	0,932	Good Fit
TLI	≥ 0,90 or near 1	0,685	Not Good Fit	0,912	Good Fit
IFI	≥ 0,90 or near 1	0,733	Not Good Fit	0,936	Good Fit

Source: data processed with Amos version 24

According to Hair et al (2019), the use of 4-5 goodness of fit that meets the requirements is sufficient to assess the suitability of a model. This model gets 4 good of fit, which means it is feasible. The data analysis technique uses descriptive statistical analysis and uses inferential statistical analysis with Structural Equation Modeling (SEM) using AMOS version 24 software to test the relationship between variables.

RESULTS AND DISCUSSION

Respondent Characteristics

Respondents were PT Pegadaian customers who received direct benefits related to the creating shared value program initiated by PT Pegadaian through the Sorting Waste Saving Gold (MSME) and The Gade Integrated Farming (TGIF) programs with a total of 105 respondents.

Table 4. Respondent Characteristics

No	Respondent Characteristics	Category	Frequency	Percentage
1	Gender	Man	65	61
		Woman	41	39
2	Educational level	Junior high school	6	6
		Senior high school	55	52
		Diploma III	12	11
		Bachelor	30	29
		Master	2	2

Source: Results of Research Data Processing, 2024

Descriptive Statistical Test

Statistical tests on customers were carried out by presenting the number of respondents as many as 50 people with components including N (number of respondents), smallest value (minimum), largest value (maximum), total number of values (sum), average value (mean), and Variance and Standard Deviation. The results of descriptive statistical tests on customer respondents are as follows:

Table 5. Descriptive Statistical Test Results

Variabel	N	Min	Max	Mean
Social value	105	1	5	4.28
Environment value	105	2	5	4.31
Economic value	105	1	5	4.06
Brand Image	105	1	5	4.14
Customer loyalty	105	1	5	4.08
Valid N (listwise)	105			

Source: Results of Research Data Processing, 2024

The social aspect has the smallest (minimum) value of 1 and the largest (maximum) value of 5. The average value of the social aspect is 4.28, the average value of the environmental aspect is 4.31, the average value of the economic aspect is 4.06, the average value of the brand image is 4.14, and the average value of the customer loyalty aspect is 4.08. Environmental values get the highest score compared to social and economic values. Based on data analysis, this value was obtained from PT Pegadaian efforts to carry out environmentally friendly business activities and create environmentally friendly habits and be responsible for environmental conservation efforts. The gold saving waste sorting program not only has an economic impact but can simultaneously reduce waste accumulation. The economic value is still considered low when compared with other values. This is because there has not been a significant increase in income from the programs offered.

Analysis via Structural Equation Modeling (SEM)

Normality Analysis

The data normality test in SEM (Structural Equation Modeling) using AMOS was carried out by comparing the CR (critical ratio) value in the assessment of normality with a critical value of ± 2.58 at a significance level of 0.01 or 1%. c.r. is the critical ratio. This value is the

result of the skewness or kurtosis statistic divided by the standard error. Values between -2 and 2 indicate a near normal distribution.

Table 6. Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
BI	<---	S	,864	,436	1,981	,048	par_14
BI	<---	L	,079	,230	,345	,730	par_15
BI	<---	E	,674	,282	2,393	,017	par_16
CL	<---	BI	,695	,138	5,037	***	par_17
S1	<---	S	1,000				
S2	<---	S	1,260	,330	3,817	***	par_1
S3	<---	S	1,511	,416	3,634	***	par_2
L1	<---	L	1,000				
L2	<---	L	1,232	,307	4,018	***	par_3
L3	<---	L	1,285	,324	3,972	***	par_4
EK1	<---	E	1,000				
EK2	<---	E	1,120	,181	6,193	***	par_5
EK3	<---	E	1,150	,191	6,022	***	par_6
BI1	<---	BI	1,000				
BI2	<---	BI	,951	,151	6,298	***	par_7
BI3	<---	BI	,989	,169	5,856	***	par_8
BI4	<---	BI	,526	,138	3,818	***	par_9
BI5	<---	BI	,910	,154	5,897	***	par_10
BI6	<---	BI	,668	,112	5,974	***	par_11
CL1	<---	CL	1,000				
CL4	<---	CL	1,169	,242	4,826	***	par_12
CL5	<---	CL	,715	,193	3,699	***	par_13

Source: Results of Research Data Processing, 2024

Structural analysis

The first experiment with the model did not yet obtain a fit model so model modification was needed. If the model does not meet the desired fit criteria, then the researcher examines index modifications suggested by AMOS to add or remove relationships between variables. The following is the initial model before modification. Model evaluation uses several model fit measures, such as Chi-square (χ^2), RMSEA (Root Mean Square Error of Approximation), CFI (Comparative Fit Index), and TLI (Tucker-Lewis Index).

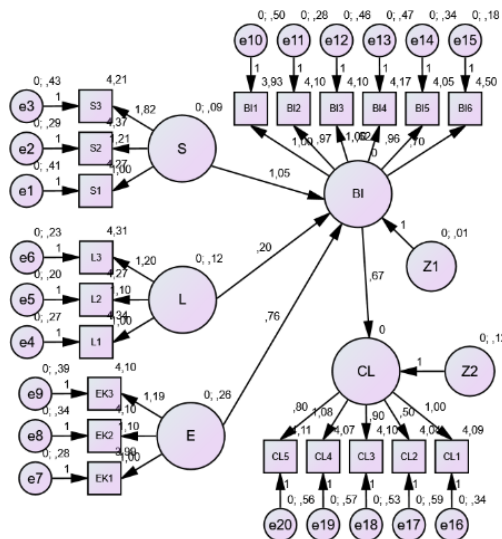


Figure 2 Default model

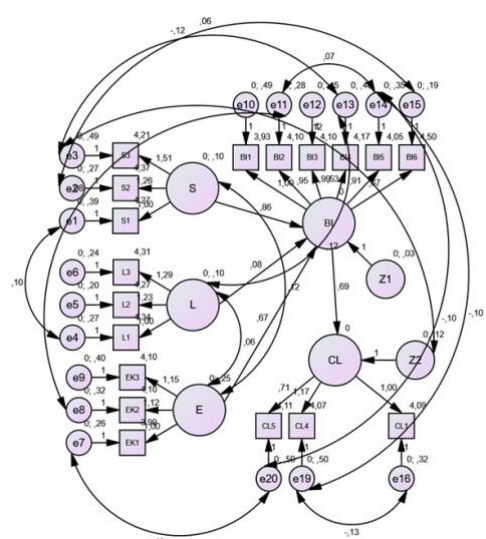


Figure 3 Modification Model

Computation of degrees of freedom (Default model)		Modification Model	
Number of distinct sample moments:	230	Number of distinct sample moments:	189
Number of distinct parameters to be estimated:	64	Number of distinct parameters to be estimated:	71
Degrees of freedom (230 - 64):	166	Degrees of freedom (189 - 71):	118
Result (Default model)	Minimum was achieved Chi-square = 365,763 Degrees of freedom = 166 Probability level = ,000	Result (Default model)	Minimum was achieved Chi-square = 162,124 Degrees of freedom = 118 Probability level = ,004

Hypothesis testing

Testing of the proposed hypothesis was carried out using the Structural Equation Modeling method with the help of Amos software. Hypothesis testing decisions are made by comparing the p-value with a level of significance of 5% (alpha = 0.05).

1. If the Critical Ratio p-value < $\alpha = 0.05$, then the null hypothesis (Ho) is rejected
2. If the Critical Ratio p-value > $\alpha = 0.05$, then the null hypothesis (Ho) fails to be rejected

Table7. Hypothesis Test Results

Path	Estimate	P-Values	Kesimpulan
Social Value → Brand Image	0,864	0,048	Hypothesis 1 is supported
Environment Value → Brand Image	0,079	0,730	Hypothesis 2 not supported
Economic → Brand Image	0,674	0,017	Hypothesis 3 is supported
Brand Image ⇒ Customer Loyalty	0,695	0,000	Hypothesis 4 is supported

Source: Results of Research Data Processing, 2024

Based on the table above, there is a positive and significant influence between social and brand image, there is no significant influence between the environment and brand image, there

is a positive and significant influence between the economy and brand image, and there is a positive and significant influence between brand image and customer loyalty.

1. Hypothesis 1 (H1): The social value of the Creating Shared Value (CSV) program has a positive and significant effect on the company's image (accepted).
2. Hypothesis 2 (H2): The environmental value of the Creating Shared Value (CSV) program has a positive and insignificant effect on company image. (rejected).
3. Hypothesis 3 (H3): The economic value of the Creating Shared Value (CSV) program has a positive and significant effect on company image (accepted).
4. Hypothesis 4 (H4): corporate image has a significant positive effect on customer loyalty (accepted).

DISCUSSION

The Influence of Social Values on Brand Image

Based on the test results using Structural Equation Modeling (SEM), there is a positive and significant influence between social values on Brand Image or the hypothesis is accepted. These results can be interpreted to mean that the better the social value, the brand image will increase and conversely, if the social value is bad, the brand image will be low. The findings of this research also reveal that PT Pegadaian contribution to social issues has a significant influence on increasing customers' positive brand image, supporting previous literature by Sang-soo Kim et al that perceived social values have a significant impact on team trust and, in turn, team trust significantly influences fan loyalty (Kim et al., 2021). Likewise, previous research entitled The effect of CSV on visit intention in domestic restaurant industry: Focusing on the implications of CSO's corporate image strategy reported that the social values felt by consumers towards franchise restaurants greatly influence their intention to visit through interaction with the company's image (Choi & Y, 2020). Thus, these findings confirm that the program initiative in the social pillar was initiated by PT Pegadaian to provide social contributions as part of the CSV program to create value that meets customer needs.

The Influence of Environmental Values on Brand Image

Based on the test results, there is no significant influence between environmental values on Brand Image or the hypothesis is rejected. The environmental value resulting from the Creating Shared Value (CSV) concept does not always have a significant effect on a company's Brand Image because public perception of a company's environmental efforts often depends on the extent to which these efforts appear authentic and sustainable. If a company's environmental initiatives are perceived as cosmetic measures or “greenwashing” without real commitment, this can lead to skepticism and even damage the brand image. Additionally, positive environmental impacts may take a long time to become visible, while consumers and other stakeholders are often quicker to judge based on immediately visible results. Therefore, although CSV can generate significant environmental benefits, its impact on Brand Image requires transparency, effective communication and concrete evidence of the company's commitment to achieving sustainable results.

The Influence of Economic Value on Brand Image

Based on the test results using Structural Equation Modeling (SEM), there is a positive and significant influence between economic value on Brand Image or the hypothesis is accepted. This is in accordance with the results of the path coefficients with a T-statistic value of 4,441

and a p-value of 0.451, which is smaller than 0.05, so it can be said that the environmental value variable has a significant effect on the Brand Image variable. These results can be interpreted to mean that the better the economic value, the brand image will increase and conversely, if the economic value is bad, the brand image will be low. The findings of this research also reveal that PT Pegadaian contribution to economic issues has a significant influence on increasing customers' positive brand image, supporting previous literature which views economic value as being able to strengthen local industrial clusters and grow employment opportunities (Taghipour et al., 2022).

The Influence of Brand Image on Customer Loyalty

When companies successfully implement CSV, they not only increase profitability but also strengthen relationships with various stakeholders. This creates a positive perception of the brand, which is seen as an entity that not only seeks profit but is also committed to the general welfare. The findings of this research also reveal that PT Pegadaian's contribution to economic issues has a significant influence on increasing customers' positive brand image, supporting previous literature by Koo, S. A study on the influence of CSV activities on the brand image and consumer behavior of companies : Focused on the Alipay Ant Forest campaign that in 2020 Chinese consumers' perceptions of the environment of the online payment platform company's CSV program had a positive impact on the company's brand image and supports the findings of this research. Next is supported by previous research by Wu, S.; Wang, W. with the title Impact of CSR perception on brand image, brand attitude and buying willingness: A study of global café. In 2014, consumer perceptions of the environmental aspects of corporate social responsibility activities positively influenced the company's symbolic brand image and experience. Thus, these findings confirm that the program initiative in the economic pillar was initiated by PT Pegadaian to provide economic contributions as part of the CSV program to create value that meets customer needs.

CONCLUSION

The concept of Creating Shared Value (CSV) is increasingly popular through program initiatives that companies can gain economic benefits and at the same time solve social and environmental problems. On this basis, this research aims to analyze the influence of Creating Shared Value (CSV) on the brand image and customer loyalty of PT Pegadaian with the hope that a good brand image will influence customer loyalty, whether just promoting the product or buying repeatedly. The results of the research show that there is a positive and significant influence between social and brand image, there is no significant influence between the environment and brand image, there is a positive and significant influence between the economy and brand image, and there is a positive and significant influence between brand image and customer loyalty. The results of this research provide information that the higher the CSV performance, the more it provides a positive image for the company which influences customer loyalty. There are several variables that do not have a significant effect on the type of customer respondent, including that environmental value-brand image does not have a significant effect. There are several factors that cause some values to not have a significant effect, these factors need to be researched in depth to prove the analysis of this influence. Answering this research, it can be concluded that there is a positive and significant influence between CSV on Brand Image and customer loyalty.

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