

The Effect of Corporate Social Responsibility Commitment and Marketing Communication on Banking Marketing Performance in the Metropolitan City of Bandung

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Abstract

Received: 10 March 2023
Revised: 19 March 2023
Accepted: 29 March 2023

The banking industry has not been effective in implementing marketing communications and corporate social responsibility programs. Likewise marketing performance has not been achieved as expected. This research was conducted in the banking industry in the city of Bandung with a sample of 38 banking industries which were taken using a random sampling method. The analysis procedure uses Structural Equation Modeling based on Partial Least Square. This research produces a new model that is different from previous research where marketing communication programs do not directly affect the marketing performance of the banking industry. in conclusion

Keywords: Marketing Performance, Marketing Communications, Corporate Responsibility (CSR)

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How to Cite: Assaf, R. (2023). The Effect of Corporate Social Responsibility Commitment and Marketing Communication on Banking Marketing Performance in the Metropolitan City of Bandung. *International Journal of Education, Information Technology, and Others*, 6(2), 189-198. <https://doi.org/10.5281/zenodo.7849016>

INTRODUCTION

Implementation of the ASEAN Community 2015, certainly has an impact on the banking sector in Indonesia. The idea of competition that occurs as a result of the free market or the ASEAN single market requires business organizations, one of which is the banking business, to be ready to face it. Competition in banking is no longer only among high-level banks in Indonesia, but already includes banks in the ASEAN region. Apart from that, the existence of a free market provides an opportunity for foreign banks to enter and be established in Indonesian territory. Thus all Indonesian banks must be ready to face it. On the other hand, seen from indicators of banking competitiveness, Indonesia is still in a low ranking.

Forsyth (1996:3) stated for the organization who market professional services efforts to grow, achieve profits, and to get ahead is not as easy as it used to be. A more active approach is needed, including a strategic marketing approach that enables organizations to overcome competition, grow and perform high.

Yulia HenryYeni (2007:2) states that in a hypercompetitive environment, the competitive strategy needed by every organization is a strategy that is able to improve performance so that it can be well received by the target market.

Characteristics of Indonesian banking customers for various reasons they still put their money in banks in Singapore. Indeed, it is alleged that some customers from Indonesia kept their money in Singapore banks as a result of past crimes, but we also know that Singapore has complete financial and banking services, so to

become a bank customer in Singapore one does not have to go to Singapore, let alone for individual high network customers and participating in private banking services, premier banking and the like. All banking services in Singapore can be accessed online by utilizing excellent information technology facilities.

This shows that the world of banking Indonesia still needs to continue to improve itself in order to be able to provide services that customers can really feel the added value of, so that customers with deep pockets who currently keep their money in a number of banks in Indonesia will remain loyal, and it is also hoped that Indonesians will those who previously parked their money overseas will bring it back in and deposit it in a domestic bank. If the country's banking conditions are really healthy and trusted by the majority of money owners, it is hoped that capital flows will return to Indonesia and of course development in Indonesia will become even faster.

As a general illustration according to Mc.Kinsey research & Co, (2000:4) in Indonesia, respondents from consumer banking, they are very loyal to their banks, especially top banks such as BCA, BNI, Bank Mandiri, Bank Danamon, Bank Niaga, CitiBank and Standard Chartered, and are also very satisfied with services, but they also still want to change banks, if other banks provide services according to their wishes. Regardless of the survey, customer behavior is quite diverse, but the problem is that the level of competition for customers is getting higher. In addition, foreign banks are starting to fight for the same market, and foreign banks have the advantage of having a big worldwide name, a sophisticated product selection, and a global network.

Nowadays The banking sector has begun to actively capture public funds by offering various attractions. Starting from giving prizes in large amounts of rupiah to offering easy service and withdrawing funds.

Study Fan Ying (2006:45) shows how corporate gifts are an important tool in the marketing communication mix used to change the company's image and create good service. Corporate image is a customer's overall impression of the company that is built through the communication provided by the company to customers.

According to Fatt, Teng and James Poon (1997:162) "communicating a part of image building," one of the roles of communication marketing for the company is building the company's image therefore Building an image requires integrated marketing communications from the company.

Kandampully and Dwi (2000: 348) also explains that corporate image is the impact of a combination of advertising, public relations, physical image, word of mouth, and real experience with goods and services. This opinion shows that the image is the impact of marketing communications and customer experience carried out by the company to

According to Schultz (2004:207) that marketing communication activities in the short term will be able to generate awareness, image and recognition as part of output brand messages, while those that are direct to the brand (brand incentives) will result in trials, increased usage and stockpiling so that as a whole it will affect business building in year the same one. Whereas for the long term brand messages will generate trust, reliability, perceived quality and advocacy. For those that are direct, it will have an impact on retention, migration and cross purchases. Brand

messages and brand incentives as output from integrated marketing communications will build the brand in the long term in producing company performance.

Kitchens, Philip J and Don E. Schultz, (2003: 98) explains that marketing communication is a tactic used by companies in disclosing: 1) The ability to build a credible company name, so that it continues to exist in the customer's unit of mind target, 2) The company's ability to facilitate the sale of products or services through harmonious relationship activities (relationships) so that it exists in the perspective of its target customers, 3) The ability to provide benefit value through the company's value system to its target customers.

In the development of the banking business world who are increasingly competitive, are no longer solely looking for profit, but must have a commitment to serving social interests. Corporate Social Responsibility, which is then written as CSR, is an indicator that a company is committed to implementing good corporate governance (Good Corporate Governance).

CSR Implementation in Indonesia, the background is the mandate of the 1945 Constitution regarding the national economy and social welfare that must be regulated by the state for the greatest possible prosperity of the people. Based on this, the implementation of CSR in Indonesia is something that is important to do, both from a legal perspective and government regulations. Basic concepts

CSR implementation by company, is philanthropy / charity (generosity) to the environmental community where the company operates, and this is partial where the company wants to do good to the poor community around the company, this concept can develop into empowerment

CSR is an integral part of the company's capital for the business world. Because it contains "investment and social cost". This means that if you don't do it, it will create social risks that will eventually disrupt your investment. This is in accordance with the mandate of Law Number 40 of 2007 concerning Limited Liability Companies. It is hoped that this fact will make the business world increasingly aware that companies are no longer faced with making a profit, but must also pay attention to social and environmental aspects. In East Java, many companies are reluctant to implement CSR programs with the argument that they have already paid taxes and fees. There are companies that carry out CSR programs as mere lip service and are forced to implement CSR programs. There are also companies that seek to fulfill their CSR responsibilities.

Analysis meta of 52 studies conducted by; Orlitzky, M., Schmidt, FL & Rynes, SI (2003) found that the kindness of companies through CSR is positively responded to by society. This is reflected in the existence of a significant positive relationship between CSR disclosure and company performance. Costs for CSR activities are covered by CSR benefits, especially with regard to employee morale and productivity. In its development, investors are more interested in investing their capital in companies that are environmentally friendly. The results of research by Guthrie J & Parker LD (2001) indicate that corporate ethical behavior in the form of social responsibility towards the surrounding environment has a positive impact, which in the long run will be reflected in company profits.

CSR helps management develop better skills, processes and information systems, which enhances organizational readiness for external change. This

competition is needed through the CSR process internally, so that it will lead to a more efficient utility of resources (Majundar, SK& Marcus, AA, 2001).

Companythose with good CSR can use CSR information disclosure as a signal of asymmetric information for stakeholders based on their assessment of the company's reputation. Companies with a high CSR reputation can improve relations with banks and investors, so that they can easily obtain capital (Spicer, 1978 in Orlitzky, M., Schmidt, FL & Rynes, SI, 2003). Companies with a high CSR reputation can also attract employees to work better or increase employee goodwill so that this will improve company performance (Davis, 1973, McGuire., et al, 1988; Waddock & Graves, 1997 in Orlitzky et al, 2003). Reputation postulates the influence of reputation as a mediator between social performance and corporate performance (Orlitzky, M., Schmidt, FL & Rynes, SI, 2003).

Marketing performance measurement according to Pontand Shaw (2003) are classified from a financial and non-financial perspective. From a non-financial perspective, these include growth rates, market share expansion, service quality, loyalty, return on equity, brand awareness while financial classifications include return on investment (ROI), profitability (ROA), operational profit (GOP).

Caseat PT BJB Tbk Not Transparent Report CSR Realization (Bataviase.co.id202.52.131.11/node/775584). West Java DPRD Commission C, regretted PT BIB Tbk because until now it had not been transparent in reporting the realization of the distribution of CSR funds. Commission C of the West Java DPRD has actually asked the company to provide a detailed report on the flow of CSR funds. However, until now PT BJB Tbk has not paid any attention.

Based on the descriptionThe above indicates that the decision to disclose CSR information is in line with the strategy for achieving the company's goals, namely maximizing the welfare of shareholders by increasing the company's performance. This is in line with Princewaterhouse Coopers (2001) in Sidharta Utama (2007) which states that companies must also create economic value in the long term. In general, banks in Bandung have not been effective in carrying out marketing communications and disclosing information on CSR programs, which are only limited to generosity, there are even banks that have not disclosed program information.

The aim of this studyto test the banking marketing performance model with two research formulations, namely first whether marketing performance is formed through marketing communications, secondly is marketing performance formed through a commitment to implementing corporate social responsibility, third is whether marketing performance is formed directly or indirectly from marketing communications through implementation commitments corporate social responsibility.

RESEARCH METHODS

The method used is descriptive and explanatory research methods, to test marketing performance models through marketing communications supported by a commitment to implementing corporate social responsibility. Referring to the research variables above, this research was conducted using the survey method (Umi Narimawati et al, 2020).

Sample according Now, Uma, and Roger Bougie (2010:262) is “A subset of the population. It some comprises members selected from it”. In general, the sample size for research depends on the acceptable level of significance, power of the study, expected effect size, underlying event rate in the population And standard deviation in the population (Kadam and Bhalerao, 2010).

The unit of analysis in this study is the Banking Office, while the unit of observation is the Head of Marketing as the person in charge marketing performance.

Table 1. Distribution of the number of research samples

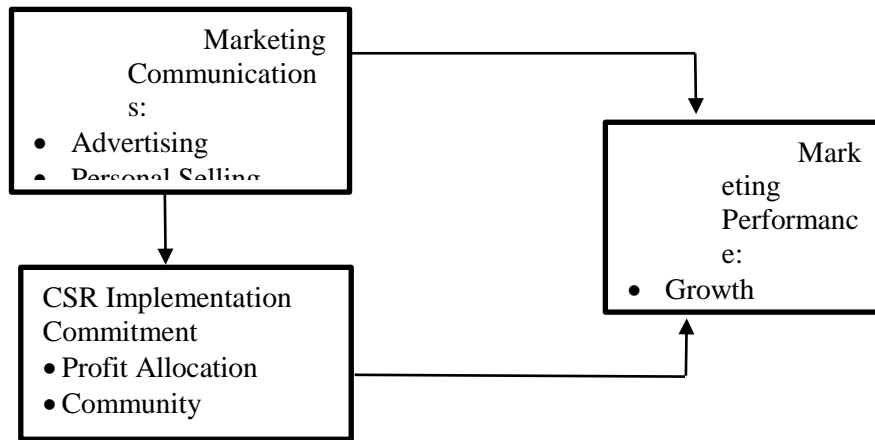
Bank Type	Number of Samples (Branch)
Bank BNI	8
Bank BCA	6
BJB Bank	5
Bank Independent	5
Bank Mega	4
Bank BRI	4
Bank Danamon	3
Bank Gemstone	3
Total	38

Validity Test Results and Reliability

Validity testing using correlation product moment (validity index) is used to prove whether the questionnaire used as a measuring tool has validity. Statement items are declared valid if the correlation coefficient is ≥ 0.30 (Barker et al., 2002: 70). Furthermore, the valid questionnaire was tested for reliability using the split-half method where the questionnaire was declared reliable if the coefficient was ≥ 0.70 (Barker et al., 2002: 70). The questionnaire distributed to collect data in this study has gone through validity and reliability testing with the results of the statement items having a validity index of ≥ 0.30 and a reliability of ≥ 0.70 .

Descriptive Analysis

According to Cooper, Donald R. & Pamela S. Schindler (2006; 467) for ordinal data and interval data that have asymmetric distribution, the measure of centering can be done through the distribution of the inter-quartile range. First quartile percentile 25th quartile, second quartile (median) 50th percentile and third quartile 75th percentile. In a questionnaire that uses a scale of 1 to 5, the first quartile = 1-2 bad categories (<2), the second quartile = 2-3 poor categories (≥ 2), the third quartile = 3-4 enough categories (≥ 3) and fourth quartile = 4-5 good category (≥ 4).



For partial hypothesis testing, use the "t" test with the formula:

$$t = \frac{\hat{\gamma}_{3i}}{SE(\hat{\gamma}_{3i})}$$

Simultaneous Hypothesis Testing using F test with the formula:

$$F1 = \frac{R^2/k}{(1 - R^2)/(n - k - 1)}$$

Criteria test:

Reject the hypothesis zero if F is greater than the table F value at the 5% significance level and with degrees of freedom in numerator $v1 = k$, and degrees of freedom in denominator $v2 = nk - 1$. Where k is the number of causal variables and n is the sample size.

RESEARCH RESULTS AND DISCUSSION

The results of descriptive analysis in research This can be presented in Table 2 below.

Table 2. Marketing Performance Index Value

Dimensions	Items Pernyataan	Flat- Flat Score	Average Dimension Score	Category
Growth	P01	3.38	3.365	Enough
	P02	3.35		
Expansion	P03	3.4	3.38	Enough
	P04	3.36		
Quality	P05	3.98	4.05	Tall
	P06	4.12		
Loyalty	P07	2.6	2.58	Low
	P08	2.56		
Marketing Performance		3.34		Enough

Source: Data processed 2019

Banking marketing performance in the city of Bandung for the loyalty dimension is still low, this is understandable considering that for customers the banking industry is difficult to predict.

Meanwhile, the dimensions of service quality and growth have been good, and expansion pretty good market. The results of this study support the opinion of McKinsey & Co, (2000: 4), while customers are very satisfied with their services, but they also want to move banks, if other banks provide services according to their wishes.

Table 3. Marketing Communication Index Value

Dimensions	Statement Items	Average Score	Average Score Dimensions	Kategori
Advertising	Q17	2.44	2,535	Enough
	P18	2.63		
personal selling	P19	3,36	3.135	Enough
	P20	2.91		
Sponsorships marketing	P21	4.02	3.99	responsive
	P22	3.96		
Direct marketing	P23	3,22	3,285	responsive
	P24	3.35		
		3,236		Enough
Marketing Communications				

Source: Data processed 2019

Marketing communications implemented by banking quite responsive, only advertising is still low. Because the bank does not feel the need to carry out marketing communications through advertising media. But overall it's quite responsive. Good marketing communication not only affects all aspects of good relations but furthermore influences trust, satisfaction and loyalty (Ball et.al. 2014:280).

Table 4. CSR Implementation Index Value

Dimensions	Statement Items	Average Score	Average Score	Kategori
Allocation Profit	P25	2.76	2,627	Enough
	P26	2,4		
Member-	P27	2.72	2,747	Enough
	P28	2.84		
Preservation	P29	2.62	2,4	Not enough
	P30	2.78		
	P31	2,4	2,4	Not enough
	P32	2,42		
CSR	P33	2.38	2,591	Not enough

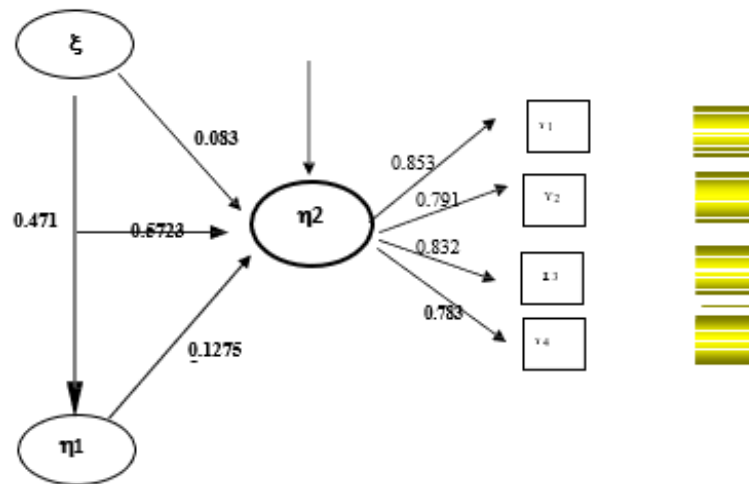
Source: Data processed 2019

Allocation company profits for the implementation of CSR programs by banks in the city of Bandung, the management has not been entrusted to third parties, for example a special institution that is trusted or appointed by the government. So far the implementation of CSR has not been conducive, especially in terms of environmental CSR. Community empowerment, which has

been carried out by banks through partnership programs, is still limited to capital loan assistance for small entrepreneurs. The environmental preservation that has been carried out by banks in the city of Bandung has only been limited to planting trees.

DISCUSSION

Analysis results quantitatively by using the help of the SEM program, PLS obtained the following model.



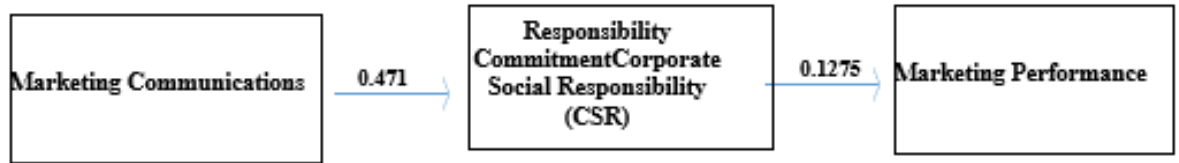
Picture 2. Results of Overall Analysis

Based on the picture above, seen from the magnitude of the path coefficient can be explained as follows:

1. Marketing communication has a very weak influence on banking marketing performance (0.67%)
2. Commitment to implementing CSR bank formed by marketing communications with a significant and quite close level of influence, which is equal to 22.18%
3. CSR implementation commitment has a very weak influence on banking marketing performance (1.625%)
4. Marketing performance not supported significantly by marketing communications, with a contribution of 0.083 (0.67%), a very weak influence. And according to Guilford can be ignored. Likewise, marketing performance is not significantly influenced by corporate social responsibility (CSR) with a magnitude of 0.1275 (1.63%) with a very low contribution. However, the bank's marketing performance is indirectly influenced by marketing communications through the commitment to implementing corporate social responsibility with a strong level of influence, which is equal to 32.27%. The results of this study do not support the results of previous studies which indicate that there is a sizable direct influence from marketing communications on marketing performance, and corporate social responsibility on marketing performance.

Based on the explanation in no1 to number 4 above, it can be seen that the achievement of bank marketing performance will be realized if the bank is able to implement responsive marketing communications through a commitment to implementing corporate social responsibility in a conducive and targeted manner. Thus the results of this study can be stated that the commitment to implementing

CSR is able to act as an intermediary factor that strengthens the effect of marketing communications on marketing performance (commitment to implementing CSR is an intervening variable (full intervening). Thus, in the end this research produces a new research model, as seen in figure 2.



Picture 3. Marketing Communication Influence Model

On pictureFigure 1 and Figure 2 show a difference, where Figure 2 does not show a significant direct effect of marketing communications on performance, and commitment to implementing CSR has a very low effect on marketing performance. because the effect is not significant and the contribution is so small that it can be ignored.

CONCLUSION

Based onthe results of research and discussion of this study, it can be concluded as follows:

1. Marketing performancethe bank has not achieved optimally in terms of customer loyalty. Likewise, CSR in the environment is also considered to be still not in line with expectations.
2. Marketing performance is not directly influenced by marketing communications and CSR implementation commitments.
3. a determining factor for achieving banking marketing performance.

Marketing communicationsresponsive and targeted CSR implementation. Thus, banking performance is indirectly influenced by the commitment to implement CSR which is supported by appropriate marketing communications. This means that marketing performance cannot be realized optimally directly by marketing communications and CSR implementation commitments.

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