

Corporate Social Responsibility Activities Factors and Their Affecting on Maintaining Customer Satisfaction and Loyalty in Hypermarket Industry in Malaysia

Kadhim Ghaffar Kadhim¹, Amran Harun², Nawzad Majeed Hamawandy³, Khowanas Saeed Qader⁴, DiyarAbdulmajeed Jamil⁵, Farman Badran Jalal⁶, Sarhang H. M. Sorguli⁷.

¹Technology Management and Business, Universiti Tun Hussain Onn, Malaysia. Kadhum.

²Technology Management and Business, Universiti Tun Hussain Onn, Malaysia.

³Department of Business Administration, Administration Technical College, Erbil Polytechnic University and Universiti Tun Hussein Onn, Malaysia.

⁴Department of Accounting and finance, Lebanese French University, Kurdistan Region, Iraq.

⁵Accounting Department, College of Administration & Financial Sciences, Knowledge University- Iraq

⁶Bayan University - Erbil, Kurdistan Region. Iraq.

⁷Accounting & Finance Department, College of Administration & Economics, Lebanese French University- Erbil- Kurdistan.

Email: ¹Alyousif@yahoo.com, ²Amranh@uthm.edu.my, ³Nawzad.Hassan@epu.edu.iq.

Abstract

The purpose of this paper is to contribute to knowledge on the impact of corporate social responsibility (CSR) activities (community support, environmentally friendly, sell locally produced products, treating employees) on customer satisfaction and loyalty (hypermarkets). This study aims to examine the influence of CSR on customer satisfaction and customer loyalty of Malaysian consumers and whether they consider CSR for hypermarket before making purchase decisions of the products and services. With the support of empirical evidence and rational arguments, a set of eleven (4) hypotheses were proposed for testing. A sample of 384 respondents loyal to hypermarket has been used to collect the data using a convenience sampling method. Data was collected from the hypermarket in Kuala Lumpur. Statistical analysis was done through SPSS for primary analysis and Smart PLS for analysis of the outer model and testing the relationships hypothesized. Findings revealed that all the hypotheses were significantly effective. The originality and value of this paper is the study of consumer-oriented CSR as a variable that allows competitive differentiation of the company, by improving the relationship with the consumers and the generation of satisfaction and loyalty. One of the major conclusions of the study is that CSR and can only yield optimal performance for the customer satisfaction and customer loyalty if it is combined with the knowledge, experiences, and outstanding abilities in the use CSR activities dimensions.

Keywords--- hypermarket, corporate social responsibility, customer satisfaction, customer loyalty

1. INTRODUCTION

A traditional sundry store was the initial phase of retail industry in Malaysia and it developed to supermarkets and eventually to hypermarkets. The term hypermarket refers to a modern retailing store that enables customers to purchase most of their basic needs (Ghaffarkadhim, K., Harun, A., Othman, B. A., & Raja, P., 2019). A hypermarket as a modern retailing concept that sells combination of department store merchandise and groceries in wide assortment, which includes a free and large parking area and other services. Based on a combination of perspectives from various authors, a hypermarket is mainly based on self-service (Swoboda et al., 2007) that sells a variety of retailer product brands, manufacturer product brands and generic products (Esbjerg and Bech-Larsen, 2009). Intangible assets, such as product brands, retail formats and managerial technology are features of the retailing sector (Doherty and Quinn, 1999). All of these are offered by almost all hypermarkets. Nowadays, hypermarkets could be considered as a modern retailing format that provides everything under one roof. Although this concept is similar to the existing shopping centre, hypermarkets focus more on fast moving consumer products. Hypermarket retailing development. The idea of capital competence is a newly developed concept that is being explored in research (Gardi et al., 2020). The capital market is one of the most important parts of the economy, that it is not covered they're important to anyone (MIR et al., 2020). The use of accounting techniques to generate financial reports, which shows an overly positive view of the business activities and financial position of the company (Hamawandy et al., 2020). Linking people and different world is the work of modern technology is the carrier of globalization all over the world (Othman et al., 2020). Restatement of financial statements to the market contains new information (Sulaiman et al., 2020). Due to the introduction of computers to the banking system organizations have adopted the usage of computers in their operations in order to improve efficiency (Ismael et al., 2020).

Corporate Social Responsibility (CSR) has become a strategic issue for hypermarket, often involving huge amounts of money and considerable investment of resources and time. Although the idea that companies have social responsibilities has already long ago been advocated the importance of corporate social responsibility (CSR) is enhanced among others by an increasing consumer demand for integrity of companies (Osborn, 2001). Corporate social responsibility has been considered an essential part of managerial and administrative sciences in recent decades (Pino, Amatulli, De Angelis, & Peluso, 2016). Organizations are gradually participating in social activities for survival (Aguilera-Caracuel, Guerrero-Villegas, Vidal-Salazar & Delgado-Márquez, 2015). Literature proposed the direct relationship between CSR and customer satisfaction (Saeidi, Sofian, Saeidi, Saeidi, & Saeidi, 2015). On the other hand, customer loyalty is also considered as an important factor for organizations. It shows that the growth on countless developmental issues was not satisfactory in emerging countries (Ogiemwonyi et al., 2020).

Retailing occupies an integral part of the Malaysian economy. It is considered one of the most dynamic sectors of the country that significantly contributes to the overall economic development of the nation. Over the past years, the retail sector of Malaysia went through remarkable developments with the introduction of numerous types of retailers (Hassan et al., 2013). Such expansion has also amplified competition within the Malaysian retail industry. Under such circumstances, customer satisfaction and loyalty has become integral for the long-term sustainability of retailers. As a result of which it has become ardently necessary to conduct a study in order to gain insights regarding the various factors that may affect Malaysian customers' satisfaction with retailers. When it comes to hypermarket, an understanding of hypermarket corporate social responsibility activities (community support, environmentally friendly, sell locally produced products, treating employees) is imperative for satisfying

customers and loyalty. However, a review of prior studies demonstrated the lack of adequate studies that simultaneously considered the effect of these factors on customer satisfaction and loyalty of towards hypermarket. Thus, the current study has been conducted with the objective of investigating the effects of hypermarket corporate social responsibility activities, awareness on customer satisfaction and loyalty, specifically concentrating on Malaysia.

2. LITERATURE REVIEW

2.1 *Hypermarket in Malaysia*

Malaysia hypermarket is considered as a cutting-edge staple retailing position that gives everything under one rooftop. Hypermarket is a channel for item dispersion (Ranjane et al., 2009) that sells assortment of items (Esbjerg and Bech-Larsen, 2009) in light of self- service idea (Swoboda et al., 2007). It is additionally considered as an ordinary retailing industry that sells in enormous amount and assortment inside an outlet. Hypermarkets sell blend of retail establishment stocks and staple goods (Arnold and Narang, 2000) in wide combination inside in excess of 2,500 square meters (27,777.7 square feet) to more than 8,000 square meters (86,000 square feet) stores (Hassan et al., 2013). This likewise incorporates parking area and diverse services. Hypermarket is the superstores of products or offerings under one rooftop which blends general stores, basic food item shops and departmental stores in which people energetically keep imperative products or services regarding assortment of item classifications, expense limits or special inclusion, stopping offices and networking of marketing method (Hassan et al., 2013). that the targeted use of these transactions and their lack of disclosure or insufficient disclosure is a factor in the fall of companies (Hamawandy et al., 2020). introduction of computers to the banking system organizations have adopted the usage of computers in their operations in order to improve efficiency (Ismael et al., 2020). Corporate governance systems aim to achieve economic efficiency (Al-Kake & Hasan, 2019). The study utilizes the vast empirical literature available on the subject plus data gathered from various reputable organizations (Baban & Hasan, 2019). better state of improving the process of learning in a bid to enhance their performance while equally creating possibilities to attain their competitive advantages (Jabbar et al., 2019). The study reviews and highlights the influence of environmentally supportive behavior among Malaysian and Nigerian consumers (Ogiemwonyi et al., 2020). Reliability was found to show the highest impact on customer satisfaction followed by tangibility (Ogiemwonyi , Humran, 2020).

2.2 *Corporate Social Responsibility*

The defines of Corporate Social Responsibility as “the commitment of business to contribute to sustainable economic development working with society to improve their quality of life, in ways that are both good for business and good for development (A. B. Carroll and K. M. Shabana, 2010). Kotler and Lee (P. Kotler & N. Lee, 2005) defined CSR as “a commitment to improve societal well-being through discretionary business practices and contributions of corporate resources”. CSR activities are broadly conceptualized as the company’s status and activities with respect to its perceived societal obligations (S. Sen & C. B. Bhattacharya, 2001). In the words of Campbell (J. L. Campbell, 2006) “CSR sets a minimum behavioral standard that aims at doing no harm to society and if it has happened then rectifies it as soon as it is identified”. Consumers evaluate companies as well as products in terms of CSR, whereby negative CSR associations are more influential and have a more detrimental effect than positive ones. However, positive associations do boost company and product evaluations G. J. Biehal & D. A. Sheinin, 2007). The influence of CSR on consumers’ purchase intentions is more complex than previously thought, in that CSR can affect purchase intentions directly or indirectly. Thus, the theoretical and empirical evidence has suggested that CSR

activities in consumers' evaluation situation that are perceived more positively lead to higher customer satisfaction and loyalty (Sathiyyavani, S., & Gurusamy, P., 2015).

2.3 Customer Satisfaction and Customer Loyalty

There is a prevailing interrelation among customer satisfaction, retention, and profitability. Hence, customer satisfaction is reflected as a criterion for favorable business outcomes (Avgeli, V., Smarianakis, D., & Sotiriades, M, 2020). Customer satisfaction is seen as a total assessment using the total sales and consumption experience with the good or service over time (Kadhim, K. G., et al., 2020). Several authors assert that customer satisfaction has a direct impact on the financial outcomes of a brand (Sun & Kim, 2013). Consequently, customer satisfaction can be considered as a marketing tool for the measurement of the relationship among the brand and its customers (Heinonen, 2014). The customers' behaviour in buying one brand products is considered as a requisite of loyalty which is totally based on satisfaction (Verma & Singh, 2017). According to Othman, B., Harun, A., Rashid, W., Nazeer, S., Kassim, A., & Kadhim, K. (2019), customer loyalty plays essential role in businesses because it helps organizations develop their strategies to provide excellent products and services for their customers. Customer loyalty provides companies with competitive advantage which is sustainable in the course of time (Setó-Pamies, 2012). The conceptual definition of customer loyalty depends on a group of four dissimilar factors (Pitta, Franzak, & Fowler, 2006). Firstly, it is formed by "trust" where customers demonstrate reliance and faith towards the brand, service, or product. Secondly, it is affected by the perceived value of the products/services, which needs to be in excess of what the competitors offer. Additionally, it is characterized by "emotional bond" which is expressed by the customer being committed and attached to the brand while being unsusceptible to switching to another brand or product. Lastly, "customer intimacy" which relates to "making customers feel good whenever they make contact with a company" (Pitta et al., 2006). Various academics support the view that trust and commitment are the two most significant influences for customer loyalty (Bagram & Khan, 2012). Therefore, the following hypothesis is purposed:

H1: If the customer satisfaction provided by hypermarket is excellent, then this will lead to Customer Loyalty.

2.4 Corporate Social Responsibility Activities and Customers Satisfaction and Loyalty

The effect of corporate social responsibility activities on customers satisfaction and loyalty by innumerable number of factors, including community support, environmentally friendly, sell locally produced products and treating employees, Andreassen and Lindestad (1998) identify that customer satisfaction and loyalty are important indicators in the public sector of market retail influencing performance. Luo and Bhattacharya (2006) argue that customers are likely to be more satisfied with products and services offered by corporate socially responsibility communication. Their findings reveal a direct link between CSR communication and customer satisfaction, but also that customer satisfaction fully mediates the relationship between CSR and customer loyalty. Furthermore, many studies of satisfaction within the marketing literature point out a positive relationship between customer satisfaction and customer loyalty. Martinez and Rodriguez del Bosque (2013) found that CSR can be directly affected by the mediating effect of customer satisfaction on customer loyalty. Perez and Ignacio Rodriguez del Bosque (2015) demonstrate that the perceptions of customer-centric CSR initiatives positively and consistently impact satisfaction. Thus, consumers with positive CSR perception had greater purchase intentions, long-term loyalty (Du, Bhattacharya, & Sen, 2007).

Brown and Dacin (1997) state that CSR activities for hypermarket lead to positive evaluations of the firm and consequently have positive effects on product evaluation and

satisfaction. Sen and Bhattacharya (2001) argue that firms are able to better understand and improve their knowledge about their customers when engaging in CSR for hypermarket, which in turn helps enhance customer loyalty through satisfaction (Jayachandran, Sharma, Kaufman, & Raman, 2005). Therefore, the following hypothesis is purposed:

H2: If the corporate social responsibility activities provided by hypermarket is excellent, then this will lead to customer loyalty.

2.4.1 Community Support and the Consumer Satisfaction and Loyalty

Firms that are known as customer-centric tend to focus on satisfying customers as their major goal (Rashid, Abdeljawad, Ngalm, & Hassan, 2013). Thus, the support is the better value to the customers to ensure customer's satisfaction would enable a firm to earn more profit. The commitment towards quality, and innovation of the services, prices, employees and society is an important aspect to customer satisfaction and loyalty. McDonald and Lai (2011) suggested that a customer-centric initiative of CSR has a stronger effect on customer satisfaction attitudes. Also, community support used by firms to show their commitment with society as a means of meeting their responsibility by improving service quality to achieve customer satisfaction and loyalty. Thus, the institutions are obliged to show responsibility in terms of integrity, responsibility and affinity (Dorasamy, 2013).

The main function of the hypermarket strategy is the delivery of better and satisfactory services. hypermarket supports by providing high-quality service to the customers. Service quality is an important dimension of customers' satisfaction and loyalty in the hypermarket industry (Singh, A. K, 2019). characterized supports hypermarket to customers by providing full support through employee interaction and finding appropriate ways to solve the problems in the store that face customers, as well as providing offers and discounts on the product on an ongoing basis, all of which have to be incorporated into strategies for hypermarket which in itself rationally affects the consumer satisfaction and loyalty in hypermarket Singh, A. K. (2019). Therefore, the following hypothesis is purposed:

H2a: If the community support provided by hypermarket is excellent, then this will lead to customer satisfaction and customer loyalty.

2.4.2 Environmentally Friendly and Customer Satisfaction and Loyalty

The preservation of resources and environmental protection are much debated issues in developed societies, being consistently adopted by most organisations in such societies within their market strategies (Dabija et al., 2018). The retailing literature deals more frequently with the role of environmentally friendly products in the generation of customer loyalty towards the retail store (Kang and Hur, 2012; Dabija and Bejan, 2017). Therefore, satisfaction and loyalty for customers represents a result of the interaction between environmentally friendly products, the proclivity or propensity for environmental protection and responsible consumption, there is an increasing trend to exhibit environmentally friendly products is a process requiring major changes on the part of consumers, changes which are not only related to environment protection but also include the implementation of actions with a positive impact on an individual's health and satisfaction and loyalty (Reshmi and Johnson, 2014).

Consumers in hypermarket strive to adopt sustainable behaviours as they are increasingly concerned with environmental protection issues, the reduction of resource consumption, the production of goods from renewable sources (Dabija et al., 2018). Also, prefer more and more products made from environmentally friendly products and contribution to pollution reduction (Dabija and Bejan, 2017). The proper understanding of consumption preferences and relevant behavioural dimensions to determine customer loyalty. Consumers who are more concerned with environmental protection tend to be more addicted to purchasing environmentally friendly products, which contributes to the creation good relationship between of environmentally

friendly products with customer satisfaction and loyalty (Kirmani and Khan 2016). Therefore, the following hypothesis is proposed:

H2b: If the environmentally friendly provided by hypermarket is excellent, then this will lead to customer satisfaction and loyalty.

2.4.3 Sell Local Produced Products and Consumer Satisfaction and Loyalty

Sell locally produced products that good relationship with consumers satisfaction and loyalty by providing high-quality products and these factors increase the feelings by consumers (Espejel, Fandos and Flavian, 2008). Locally grown foods have become increasingly in vogue. (Pektaş G. Ö. E., Yüksel, M., & Durmaz, A. 2017) Locally grown produce is perceived to be fresher and health-food and consumers see buying local fresh products as healthy and providing insurance against foodborne. For these reasons, hypermarkets are started to take over local products that have health benefits and are among the priorities of customers satisfaction and loyalty (Stanton et al., 2012). Local retailers seek to understand what motivates consumers to purchase from hypermarket that provides local products for its customers by the health consciousness (Pektaş G. Ö. E., Yüksel, M., & Durmaz, A. 2017). also, Fresh local foods are available at this hypermarket at reasonable prices this will to achieve customers satisfaction and loyalty (Kadhim, K. G., Harun, A., Othman, B., Falah, F. S., & Alfarttoosi, A., 2020). Therefore, the following hypothesis is proposed:

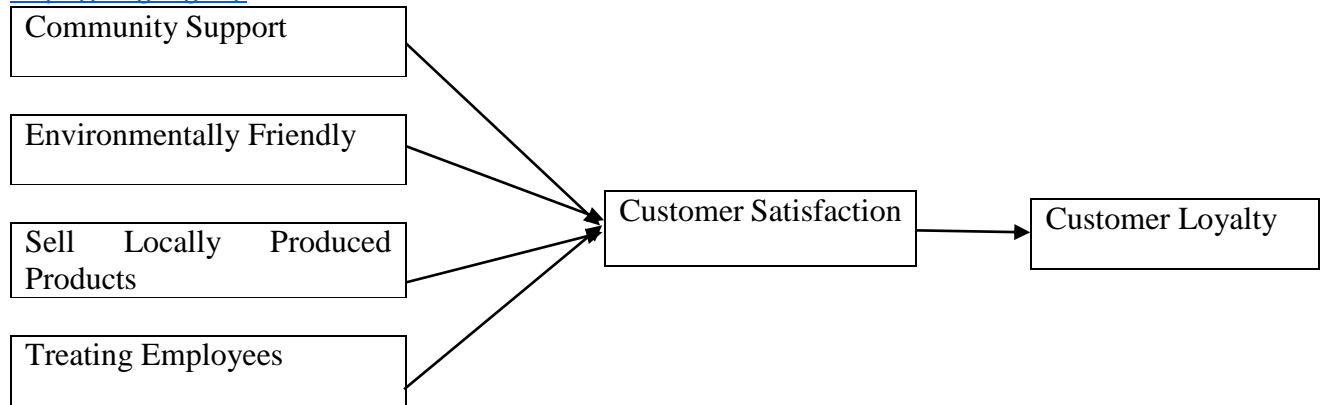
H2c: If the sell locally produced products provided by hypermarket is excellent, then this will lead to customer satisfaction and loyalty.

2.4.4 Treating of Employees and Customer Satisfaction and Loyalty.

The interaction between customers and employees has been found to affect a customer's instore shopping experience (Brown and Lam, 2008). According to Terblanche, N. S. (2018). customer satisfaction and loyalty is often influenced by the quality of the interpersonal interaction between the customer and company employees. Relationships between employees and customers that increase rapport and employee responsiveness have led to greater customer satisfaction (Menon et al., 2000).

Marques et al. (2013) established that employee satisfaction was the most important factor when customers rated their satisfaction with the hypermarket. Employees are the driving factor behind customer satisfaction and loyalty when employees are happy at work. (Puccinelli et al., 2009) assert the interpersonal nature of the interaction between the customer and employee may be key to customer satisfaction in the hypermarket. Positive customer emotions can be the outcome of courteous and knowledgeable staff, while personal attention and timely service by staff will affect customer satisfaction and loyalty leads to a good shopping experience in a hypermarket. (Terblanche, N. S, 2018). Therefore, the following hypothesis is proposed:

H2d: If the treating of employees provided by hypermarket is excellent, then this will lead to customer satisfaction and loyalty.



3. RESEARCH METHODS

This study utilised a self-administered questionnaire to examine data. The respondent chosen were consumers who shop in hypermarkets located in Kuala Lumpur state of Malaysia. A total of 384 sample size of the questionnaire were usable after data screening from the distribution of 500 questionnaires. This sample size received support from Hair, Black, Babin and Anderson (2006) recommendation, who stated that the sample size of 300 to 500 is suitable to ensure stable maximum likelihood estimation. Convenience sampling technique was applied. The measurements in this study adopted a 5-point Likert scale that includes (Strongly Disagree (1) to Strongly Agree (5)). A total of 30 main research question was segmented that includes questions from five service quality dimensions (community support-5 items, environmentally friendly-5 items, sell locally produced products-5 treating employees-5 items) independent variables and customer loyalty- 5 items, dependent variable and customer satisfaction-5 items, mediator. These variables were measured from the corporate social responsibility dimensions. The demographic questions that include gender, age, education, income, ethnicity, religion, Purchase goods from Hypermarket in Kuala Lumpur or no, and how many times you shop from the hypermarkets in a week. On completion of the data sampled, the processed data was transported from Social Science Statistical Package (SPSS V.20) to Partial Least Squares-Structural Equation Modeling (PLS-SEM) using Smart PLS V3 for processing.

4. RESEARCH FINDINGS

4.1 Respondent Demographic Profile

In this study, the sample includes 384 customers who shopped in hypermarkets in the state of Kuala Lumpur. The characteristics of the respondents as follows. respondents' profile, which includes age, gender, education, monthly income, Ethnicity, religion, purchase goods from a hypermarket in Kuala Lumpur or no, and frequency of shopping from the hypermarkets. With regards to age, the result of the descriptive analysis presented in Table 1 shows that 14.3 % of the respondents were within the age range of 18-25 years, followed by 32.3% of the respondents who were aged 26-35 years, 34.1% of them were within the age range of 36-45 years old at 34.1%. Then 19.3% of them were within the age range of 46 and above.

In terms of gender, more than half of the respondents, which was about 56.8% were females, while the remaining of the respondents (43.2%) were males.

With regards to the educational background of the respondents, the Table reveals that 8.9% of the respondents had only primary school education, 38% had secondary school education, 49% had Bachelor's degree, in comparison, the remaining 4.2% were educated to postgraduate level.

For the Income level of the respondents, the results presented in the Table shows that 16.1% of them earned less than Rm 1000, 35.9% of them earned Rm1000-Rm2999, 35.9% of them earned Rm 3000 to Rm 4999 (32.6%), and the remaining 15.4% earned Rm5000 and above. Regarding.

In terms of Ethnicity, the Table shows that 47.4% of the respondents were Malay, 32% of them were Chinese, 14.3% were Indians, and the remaining 6.3% of them belonged to other ethnic groups.

In terms of religions aspect, the Table shows that almost half of the respondents were Muslims (47.4%), 32.6% of them were Christians, 13.5% of them were Hindus, and the remaining 6.5% of them belonged to other religions.

In terms of which is the frequency of shopping at hypermarkets, the Table shows that 46.4% of them indicated that they shopped 1 to 3 times weekly, 33.1% of them indicated that shopped 4 to 6 times weekly, followed by 44% of them who indicated that they shopped 7 to 9 times weekly (14.3%). In comparison, 6.3% of them indicated that they shopped ten times and more weekly.

Then for the last aspect, which is whether the respondents purchase goods from any hypermarket in Kuala Lumpur. The above Table shows that the respondents were only required to indicate Yes or No, and the results showed that almost all of them (95.8%) of them indicated that they shopped from hypermarkets in Kuala Lumpur.

In comparison, just a few of them (4.2%) indicated that they do not shop in hypermarkets in Kuala Lumpur. Generally, based on the results, it can be said that the majority of the respondents were females, and then most of them were within the age range of 36-45 years. More so, most of them had a Bachelor's degree, and most of them were Muslims. Concerning their income, the majority of them earned Rm1000 TO Rm2999. Also, it was found that most of them agreed that they shopped from hypermarkets in Malaysia, and then most of them indicated that they shopped from hypermarkets 1 to 3 times in a week.

Table 1: Respondent's Profile

Variable	Group	Number	Percent
Age	18-25	55	14.3
	26-35	124	32.3
	36-45	131	34.1
	46 or over	74	19.3
Gender	Male	166	43.2
	Female	218	56.8
Education	Primary school	34	8.9
	Secondary school	146	38.0
	University	188	49.0
	Postgraduate	16	4.2
Income	Less than Rm 1000	62	16.1
	Rm 1000 to Rm 2999	138	35.9
	Rm 3000 to Rm 4999	125	32.6

	Rm 5000 and above	59	15.4
Ethnicity	Malay	182	47.4
	Chinese	123	32.0
	Indian	55	14.3
	Others	24	6.3
Religion	Islam	182	47.4
	Christianity	125	32.6
	Hinduism	52	13.5
	Others	25	6.5
How many times you shop from the hypermarkets in a week	1 to 3 times	178	46.4
	4 to 6 times	127	33.1
	7 to 9 times	55	14.3
	10 times and more	24	6.3
Purchase goods from hypermarket in Kuala Lumpur or no	Yes	368	95.8
	No	16	4.2

4.2 Measurement Model

In testing the measurement model, structural equation modelling was applied (SEM) as mentioned in the previous session. This is the most reliable method for check reliability and validity of the measuring instrument (Hair, Risher, Sarstedt and Ringle, 2019). The validity of each latent variable was checked, discriminant and convergent validity were verified. Average Variance Extracted (AVE) value and factor loading was also examined and must be >0.5 The AVE must link all factor loading while confirming the discriminant validity (Hair, Risher, Sarstedt and Ringle, 2019). Composite reliability should be >0.7 and the reliability of the latent construct is confirmed via Cronbach's Alpha which must be >0.6 (Hair, Risher, Sarstedt and Ringle, 2019). From Table 2, all requirement has been justified and fulfilled in line with (Hair, Risher, Sarstedt and Ringle, 2019). Table 2 present the validity and reliability of the data.

Table 2: Results of Measurement Model (Internal Consistency Reliability and Convergent validity)

Construct	Scale	Items	Loadings	AVE	Cronbach's Alpha (CA)	Composite reliability (CR ^b)
Customer Loyalty	Reflective	CL1	0.898	0.793	0.935	0.950
		CL2	0.897			
		CL3	0.889			
		CL4	0.895			
		CL5	0.871			
Customer	Reflective	CS1	0.831	0.740		0.934

Satisfaction		CS2	0.859			
		CS3	0.871		0.912	
		CS4	0.872			
		CS5	0.867			
Community Support	Reflective	COS 1	0.865	0.710	0.898	0.924
		COS 2	0.850			
		COS 3	0.822			
		COS 4	0.846			
		COS 5	0.830			
environmentally friendly	Reflective	EF1	0.862	0.711	0.898	0.925
		EF2	0.839			
		EF3	0.869			
		EF4	0.836			
		EF5	0.808			
Locally Produced Products	Reflective	SLP P1	0.833	0.688	0.887	0.917
		SLP P2	0.840			
		SLP P3	0.839			
		SLP P4	0.816			
		SLP P5	0.818			
Treating Employees	Reflective	TEF 1	0.843	0.681	0.883	0.914
		TEF 2	0.825			
		TEF 3	0.832			
		ATE F4	0.828			
		TEF 5	0.797			

Note: Average Variance Extracted (AVE) = (summation of squared factor loadings)/(summation of squared factor loadings)

Composite Reliability (CR) = (square of the summation of the factor loadings)/[(square of the summation of the factor loadings)+(square of the summation of the error variances)].

Table 3 present discriminant validity using Fornell-Larcker approach where the square root of the AVE for a specific latent variable must be higher than the correlated of the latent within

the construct in the model (Fornell and Larcker, 1981). All criteria have been fulfilled and depicted in Table 3.

Table 3: Fornell and Larcker Discriminant Validity Results

	Community Support	Customer Loyalty	Customer Satisfaction	environmentally friendly	Sell Locally Produced Products	Treating Employees
Community Support	0.943					
Customer Loyalty	0.809	0.890				
Customer Satisfaction	0.767	0.789	0.860			
environmentally friendly	0.876	0.924	0.871	0.793		
Sell Locally Produced Products	0.876	0.923	0.872	0.795	0.777	
Treating Employees	0.877	0.916	0.867	0.811	0.766	0.901

4.3 Hypotheses Testing

In this study, a structural model evaluation was used to validate the proposed hypotheses. To warrant the suggested model's path coefficient, Hair et al. (2011) proposed that an acceptable level of path coefficient should be at least 0.1 with a significant level of the coefficient of at least 0.05 (or 95% confidence level). The level of significance and acceptance of hypotheses was determined using the values obtained from the bootstrapping procedure, which was performed using SmartPLS 3.0. The t-values obtained using SmartPLS 3.0 bootstrapping at 384 resampling's were used to determine the significance of the hypothesis for all constructs. The following positive direction was advocated in this study: To examine the effect of CSR activities (community support, environmentally friendly, sell locally produced products, treating employees) on customer satisfaction and loyalty. Based on the statistical assessment of the path coefficients, only when the t-value is greater than 1.96, will the hypothesis be accepted and supported (Hair et al., 2017). The result of the hypotheses testing is presented in Table 4 which shows that all the four hypotheses that were tested to determine the direct effect were supported, and there was a significant positive influence.

Result of immediate effect for the supported hypotheses including H1) the positive influence of CSR activities on customer satisfaction ($\alpha = 0.417$; $m = 0.419$; $t = 3.916$; $p < 0.05$), H2a) the positive influence of Community Support on Customer Satisfaction ($\alpha = 0.110$; $m = 0.110$; $t = 3.897$; $p < 0.05$). H2b) the positive influence of environmentally friendly on

Customer Satisfaction ($\rho = 0.110$; $m = 0.110$; $t = 3.926$; $p < 0.05$), H2c) the positive influence of Sell Locally Produced Products on Customer Satisfaction ($\rho = 0.106$; $m = 0.107$; $t = 3.835$; $p < 0.05$), H2d) the positive influence of Treating Employees on Customer Satisfaction ($\rho = 0.104$; $m = 0.104$; $t = 3.852$; $p < 0.05$).

H2) the positive influence of CSR activities on customer loyalty ($\rho = 0.309$; $m = 0.310$; $t = 3.768$; $p < 0.05$), H2a) the positive influence of community support on customer loyalty ($\rho = 0.082$; $m = 0.082$; $t = 3.792$; $p < 0.05$), H2b) the positive influence of environmentally friendly on customer loyalty ($\rho = 0.081$; $m = 0.081$; $t = 3.837$; $p < 0.05$), H2c) the positive influence of sell locally produced product on customer loyalty ($\rho = 0.079$; $m = 0.079$; $t = 3.747$; $p < 0.05$), H2d) the positive influence of treating employees on customer loyalty ($\rho = 0.077$; $m = 0.077$; $t = 3.741$; $p < 0.05$).

H3) the positive influence of Customer Satisfaction on Customer Loyalty ($\rho = 0.740$; $m = 0.738$; $t = 19.619$; $p < 0.05$).

Table 4: Hypotheses Testing Result Estimation

Hypothesis	path coefficient	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Results
H1	CSR Activities -> Customer Satisfaction	0.417	0.419	0.106	3.916	0.000	Supported
H1a	Community Support -> Customer Satisfaction	0.110	0.110	0.028	3.897	0.000	Supported
H1b	environmentally friendly -> Customer Satisfaction	0.110	0.110	0.028	3.926	0.000	Supported
H1c	Sell Locally Produced Products -> Customer Satisfaction	0.106	0.107	0.028	3.835	0.000	Supported
H1d	Treating Employees -> Customer Satisfaction	0.104	0.104	0.027	3.852	0.000	Supported
H2	CSR Activities -> Customer Loyalty	0.309	0.310	0.082	3.768	0.000	Supported
H2a	Community Support -> Customer Loyalty	0.082	0.082	0.022	3.792	0.000	Supported

H2b	environmentally friendly -> Customer Loyalty	0.081	0.081	0.021	3.837	0.000	Supported
H2c	Sell Locally Produced Products -> Customer Loyalty	0.079	0.079	0.021	3.747	0.000	Supported
H2d	Treating Employees -> Customer Loyalty	0.077	0.077	0.021	3.741	0.000	Supported
H3	Customer Satisfaction -> Customer Loyalty	0.740	0.738	0.038	19.619	0.000	Supported

5. DISCUSSION AND CONCLUSION

The main focus of the study was to examine corporate social responsibility activities dimensions on customer satisfaction and loyalty in Malaysia hypermarket. The study shows that customers are satisfied with the corporate social responsibility of hypermarket in Malaysia. The more they are satisfied the more they become loyal and this will increase the repurchase intention. For hypermarket in Malaysia, corporate social responsibility plays a major factor in controlling services followed by individual attention customer received in making purchasing from hypermarket. Findings of the study revealed that customer satisfaction and loyalty is influenced by Corporate Social Responsibility activities, and as such should be considered by firms as an effective marketing tool for hypermarkets in Malaysia. The result of the statistical analysis confirmed that the main research hypotheses were accepted. Also, the result showed that CSR activities (community support, environmentally friendly, sell locally produced products, treating employees) has a positive influence on customer satisfaction and loyalty of towards a products of hypermarket. This study contributes to the area of marketing by providing insight on the level of CSR in hypermarkets through an examination of the correlation between CSR activities and customer satisfaction and loyalty towards hypermarkets. Consumers hypermarket in Malaysia search with the services of corporate social responsibility from community support, provide environmentally friendly products, locally produced products, treating employees with customer's is what consumer also look at. Therefore, and based on those limitations, suggestions for future study were given to the hypermarket to improve on services customer through improved corporate social responsibility as it will build customer satisfaction and loyalty, also, hypermarket need to discover the service needed to improve on to target the right customer for their services.

REFERENCES

- [1] B. Carroll and K. M. Shabana, "The business case for corporate social responsibility: A review of concepts, research and practice," *International Journal of Management Reviews*, 2010.

- [2] Aguilera-Caracuel, J., Guerrero-Villegas, J., Vidal-Salazar, M. D., & Delgado-Márquez, B. L. (2015). International cultural diversification and corporate social performance in multinational enterprises: The role of slack financial resources.
- [3] Arnold, S.J. and L.M. Narang, 2000. Market entry effects of large format retailers: A stakeholder analysis. *International Journal of Retail & Distribution Management*, 28(4/5): 139-154. Available at: <https://doi.org/10.1108/09590550010319896>.
- [4] Gardi, B., Hamawandy, N. M., Sulaiman, V., Saeed, H., Ali, R. M., Sulaiman, A. A., & Mahmood, S. A. (2020). The Effect of Capital Competence on the Profitability of Development and Investment Banks in Turkey. *Solid State Technology*, 63(5), 12571–12583.
- [5] Hamawandy, N. M., Omar, A. J., Abubakr, Z. A., Sulaiman, V., & Saeed, H. (2020). Review the Interaction Between Transactions with Affiliated Entities and Income Management in Companies Admitted To Tehran Stock Exchange Income management.
- [6] Ismael, B. A., Ahmed, R. A., Yaba, J. A., Hamawandy, N. M., Abdullah, R., Jamil, D. A., & Sulaiman, A. A. (2020). *The Effects of Computerized Accounting System on Auditing Process : a Case Study from Northern Iraq. Jain 2002*.
- [7] MIR, N. M., Abubakr, Z. A., Jawhar, A. M., Omar, R., Onn, U. H., & Science, F. (2020). the Effect of Exchange Rate and Inflation on the Economic Performance of Selected Industries Stock -Iran on the Economic Performance of Selected. *Solid State Technology*, 63(6), 12584–12602.
- [8] Othman, B. J., Hamawandy, N. M., & Aziz, H. T. (2020). Interpret and Apply Economic Analysis to The Role of International Business Organizations and Their Activities : A Case study of Adelia.
- [9] Sulaiman, A. A., Hamawandy, N. M., Polytechnic, E., Tun, U., & Onn, H. (2020). *THE IMPACT OF THE RESTATEMENT OF FINANCIAL STATEMENTS ON COMPANY GROWTH*. 7(15), 4615–4624.
- [10] Avgeli, V., Smarianakis, D., & Sotiriades, M. (2020). Correlating Customer Satisfaction and Customer Loyalty: The Case of International Tourists in Cretan Resort Hotels. *Journal of Tourism and Hospitality Management*, 8(2), 43-59.
- [11] Ogiemwonyi, O., Harun, A., Othman, B., Ismael, D., Alam, M. N., & Hamawandy, N. M. (2020). Analyzing Issues and Challenges on Environmentally Supportive Behaviour Among Malaysian and Nigerian Consumers. *Sci.Int.(Lahore)*, ISSN 1013-5316, 32(1), 87–92. <http://www.sci-int.com/pdf/637182281460007063.pdf>
- [12] Bagram, M., & Khan, S. (2012). Attaining customer loyalty: The role of consumer attitude and consumer behavior. *International Review of Management and Business Research*, 1(1), 1-8.
- [13] Brown, Steven P., Lam, Son K. (2008), “A Meta-Analysis of Relationships Linking Employee Satisfaction to Customer Responses,” *Journal of Retailing*, 84 (September), 243–255
- [14] DABIJA, D. C., BEJAN, B. M. (2017): Behavioral Antecedents for Enhancing Green Customer Loyalty in Retail. In: Pamfilie, R., et al. [eds.]: *BASIQ International Conference: New Trends in Sustainable Business and Consumption* (pp. 183–191). Bucharest, Editura ASE.
- [15] Dabija, D. C., Bejan, B. M., & Grant, D. B. (2018). The impact of consumer green behaviour on green loyalty among retail formats: A Romanian case study. *Moravian geographical reports*, 26(3), 173-185.
- [16] Al-Kake, F., & Hasan, N. M. (2019). The Effect of Corporate Governance on Firm’s Profitability: Evidence from London Stock EX- CHANGE. *International Journal of Psychosocial Rehabilitation*, 23(2), 727–742. <https://doi.org/10.1080/10599231.2019.1572421>

- [17] Baban, & Hasan, N. N. (2019). Impact of the foreign direct investment on the economy of the United Kingdom. *International Journal of Psychosocial Rehabilitation*, 23(2), 743–763. <https://doi.org/10.37200/IJPR/V23I2/PR190328>
- [18] Hamawandy, N. M., Omar, A. J., Abubakr, Z. A., Sulaiman, V., & Saeed, H. (2020). Review the Interaction Between Transactions with Affiliated Entities and Income Management in Companies Admitted To Tehran Stock Exchange Income management.
- [19] Ismael, B. A., Ahmed, R. A., Yaba, J. A., Hamawandy, N. M., Abdullah, R., Jamil, D. A., & Sulaiman, A. A. (2020). *The Effects of Computerized Accounting System on Auditing Process : a Case Study from Northern Iraq. Jain 2002*.
- [20] Jabbar, B., Al-Kake, F., Diah, M. L. M., Othman, B., & Hasan, Z. M. (2019). This study examines the antecedents and the effects of knowledge management and information technology in the manufacturing industry. *International Journal of Psychosocial Rehabilitation*, 23(2), 899–908. <https://doi.org/10.37200/IJPR/V23I2/PR190339>
- [21] Ogiemwonyi , Humran, N. (2020). The Relationship between Service Quality Dimensions and Customer Satisfaction towards Hypermarket in Malaysia. *International Journal of Psychosocial Rehabilitation*, 24(5), 2062–2071. <https://doi.org/10.37200/ijpr/v24i5/pr201904>
- [22] Ogiemwonyi, O., Harun, A., Othman, B., Ismael, D., Alam, M. N., & Hamawandy, N. M. (2020). Analyzing Issues and Challenges on Environmentally Supportive Behaviour Among Malaysian and Nigerian Consumers. *Sci.Int.(Lahore)*, ISSN 1013-5316, 32(1), 87–92. <http://www.sci-int.com/pdf/637182281460007063.pdf>
- [23] Doherty, A.M. and Quinn, B. (1999), “International retail franchising: an agency theoryperspective”,*International Journal of Retail & Distribution Management*, Vol. 27 No. 6,pp.224-236.
- [24] Dorasamy, N., (2013). Corporate social responsibility and ethical banking for developing nation. *Journal of Economics and Behavioral Studies*, 5(11), 777-785.
- [25] Esbjerg, L. and T. Bech-Larsen, 2009. The brand architecture of grocery retailers: Setting material and symbolic boundaries for consumer choice. *Journal of Retailing and Consumer Services*, 16(5): 414-423. Available at: <https://doi.org/10.1016/j.jretconser.2009.06.002>.
- [26] Esbjerg, L., & Bech-Larsen, T. (2009). The brand architecture of grocery retailers: setting material and symbolic boundaries for consumer choice. *Journal of Retailing and Consumer Services*, 16(5), 414-423.
- [27] Espejel, J., Fandos, C., & Flavian, C. (2008). Consumer Satisfaction: A Key Factor of Consumer Loyalty and Buying
- [28] G. J. Biehal and D. A. Sheinin, “The influence of corporate messages on the product portfolio,” *Journal of Marketing*, vol. 71, no. 2, pp. 12-25, 2007.
- [29] Ghaffarkadhim, K., Harun, A., Othman, B. A., & Raja, P. (2019). Hypermarkets in malaysia: Issues of expansion, distribution and corporate social responsibility. *International Journal of Psychosocial Rehabilitation*, 23(2), 659-670.
- [30] Gupta, K. K., & Bansal, I. (2012). Development of an instrument to measure Internet banking service quality in India. *International Refereed Research Journal*, 2(2), 11-25
- [31] Hair Jr, J. F. (2006). Black, Wc, Babin, Bj Anderson, Re & Tatham, Rl (2006). *Multivariate data analysis*, 6.
- [32] Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. *European Business Review*.
- [33] Hassan, H., Bakar Sade, A., & Sabbir Rahman, M. (2013). Malaysian hypermarket retailing development and expansion. *International Journal of Retail & Distribution Management*, 41(8), 584-595.

- [34] Heinonen, K. (2014). Multiple perspectives on customer relationships. *International Journal of Bank Marketing*, 32(6), 450-456.
- [35] Intention of a PDO Food Product. *British Food Journal*, 110(9), 865-881.
- [36] J. L. Campbell, "Institutional analysis and the paradox of corporate social responsibility," *American Behavioral Scientist*, vol. 49, no. 7, pp. 925-938, 2006.
- [37] Kadhim, K. G., Harun, A., Othman, B., Falah, F. S., & Alfarttoosi, A. (2020). The Effect of Corporate Social Responsibility Activities on Customer Satisfaction Towards Hypermarkets in Kuala Lumpur Malaysia. *International Journal of Advanced Science and Technology*, 29, 3974-3988.
- [38] Kadhim, K. G., Harun, A., Othman, B., Melhem, I., Mechman, A., & Mohammed, A. THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY COMMUNICATION (CSR) ON CUSTOMER SATISFACTION TOWARDS HYPERMARKETS IN KUALA LUMPUR MALAYSIA.
- [39] Marques, S.H., Cardoso, M.M., Palma, A.P. 2013. Environmental factors and satisfaction in a specialty store. *Int. Rev. Retail Distrib. Consum. Res.* 23 (4), 456-474.
- [40] Menon , K. , Dubé , L. , 2000. Ensuring greater satisfaction by engineering salesperson re sponse to customer emotions . *J. Retail .* 76 (3) , 285-307 . Understanding customer experience
- [41] Osborn, Suzanne Barry (2001). Desperately seeking integrity; companies must strive to fill the latest customer demand. *Chain Store Age*, 77 (3), 54.
- [42] Othman, B., Harun, A., Rashid, W., Nazeer, S., Kassim, A., & Kadhim, K. (2019). The influences of service marketing mix on customer loyalty towards Umrah travel agents: Evidence from Malaysia. *Management Science Letters*, 9(6), 865-876.
- [43] P. Kotler and N. Lee, *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*, N. J. Hoboken and John Wiley, 2005.
- [44] Pektaş, G. Ö. E., Yüksel, M., & Durmaz, A. (2017). Does Locally Produced Food Create Loyalty?: An Investigation On Locavore Attitude As Control VARIABLE.
- [45] Pino, G., Amatulli, C., De Angelis, M., & Peluso, A. M. (2016). The influence of corporate social responsibility on consumers' attitudes and intentions toward genetically modified foods: Evidence from Italy. *Journal of Cleaner Production*, 112, 2861–2869.
- [46] Pitta, D., Franzak, F., & Fowler, D. (2006). A strategic approach to building online customer loyalty: Integrating customer profitability tiers. *Journal of Consumer Marketing*, 23(7), 421-429
- [47] Puccinelli. N.M., Goodstein, R.C, Grewal. D., Price, R. Raghbir, P., Stewart, D., 2009. Customer experience management in retailing understanding the buying process.*J. Retail.* 85 (1) 15-30.
- [48] Ranjanee, K.S., R. Alavi, K. Abdullah and M. Arif Zakauallah, 2009. Spillover effects of foreign hypermarkets on domestic suppliers in Malaysia. *International Journal of Retail & Distribution Management*, 37(3): 226-249.
- [49] Rashid, M., Abdeljawad, I., Ngalim, S.M., & Hassan, M.K., (2013). Customer-centric corporate social responsibility. *Management Research Review*, 36(4), 359-378.
- [50] RESHMI, R., JOHNSON, B. (2014): A study on the buying behaviour of green products. *International Journal of Research in Commerce & Management*, 5(12): 39–45.
- [51] S. Sen and C. B. Bhattacharya, "Does doing good always lead to doing better? Consumer reactions to corporate social responsibility," *Journal of Marketing Research*, vol. 38, no. 2, pp. 225-43, 2001.
- [52] Saeidi, S. P., Sofian, S., Saeidi, P., Saeidi, S. P., & Saeidi, S. A. (2015). How does corporate social responsibility contribute to firm financial performance? The mediating

- role of competitive advantage, reputation, and customer satisfaction. *Journal of Business Research*, 68(2), 341–350. <https://doi.org/10.1016/j.jbusres.2014.06.024>.
- [53] SATHIYAVANI, S., & GURUSAMY, P. IMPACT OF CORPORATE SOCIAL RESPONSIBILITY IN BANKING SECTOR WITH REFERENCE TO COIMBATORE CITY.
- [54] Setó-Pamies, D. (2012). Customer loyalty to service providers: examining the role of service quality, customer satisfaction and trust. *Total Quality Management*, 23(11), 1257-1271.
- [55] Singh, A. K. (2019). Customer Satisfaction as an Antecedent of Customer Loyalty. *International Journal of Research in Social Sciences*, 9(6), 505-515.
- [56] Sun, K. A., & Kim, D. Y. (2013). Does customer satisfaction increase firm performance? An application of American Customer Satisfaction Index (ACSI). *International Journal of Hospitality Management*, 35, 68-77.
- [57] Swoboda, B., F. Haelsig, D. Morschett and H. Schramm-Klein, 2007. An intersector analysis of the relevance of service in building a strong retail brand. *Managing Service Quality: An International Journal*, 17(4): 428-448. Available at: <https://doi.org/10.1108/09604520710760553>.
- [58] Swoboda, B., Haelsig, F., Morschett, D. and Schramm-Klein, H. (2007), “An intersector analysis of the relevance of service in building a strong retail brand”, *Managing Service Quality*, Vol. 17 No. 4, pp. 428-448.
- [59] Terblanche, N. S. (2018). Revisiting the supermarket in-store customer shopping experience. *Journal of Retailing and Consumer Services*, 40, 48-59.
- [60] Verma, Y., & Singh, M. R. (2017). Marketing Mix, Customer Satisfaction and Loyalty: an Empirical Study of Telecom Sector in Bhutan. *Indian Journal of Commerce and Management Studies*, 8(2), 121.