

**EFFECTS OF THE SERVICE QUALITY TO
CUSTOMER LOYALTY
MEDIATED BY SATISFACTION VARIABLE**

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Abstract

The purpose of this study was to analyze and assess the effect of service quality on customer loyalty mediated by satisfaction variables on depositors or customers of Bank BNI Malang. The sampling technique in this study using the purposive sampling of 100 respondents to the depositors or clients who use the services of BNI Malang are already quite mature and has been transacting at least twice.

Data collection techniques used is by using a questionnaire. The analytical tool used in this study uses regression analysis to test mediation Sobel test. Sobel test results show that the probability value is less than the value of alpha, indicating that the quality of service is a positive and significant impact on customer loyalty mediated by satisfaction variables.

Keywords: service quality, satisfaction, and loyalty.

PRELIMINARY

Loyal customers can be used as a company and needed to win the existing competencies. Customer loyalty and acceptance of the company's products or services in the eyes of its customers well.

Consumers will be loyal to the company, usually, it will happen to be the product or service, it will happen rebuying or repurchase, and the consumer will be loyal to the company. Someone will be satisfied with the product or service if you get good service.

The service should be the best service. The presence of good quality services that will arise on the consumer or customer satisfaction. The quality of service is important to note because it will be perceived by consumers or customers after buying the product or using the services of a company. Quality of service becomes a necessity to create satisfied customers.

The development of the banking sector in Malang City is lately growing exponentially with the increase and science. People are starting to realize the importance of saving money in the bank and increasing the needs of people in the world. According to (seputarmalang.com) until the month of March 2017 is in SMEs in Malang has increased about 0.55% from the previous year. The increase is not separated from the program's Business Credit (KUR) initiated by the government. (Finance.kontan.co.id) Bank Indonesia (BI) reports and increasing numbers of people are saving from income to 14.2% by January 2015, from 13.0% in the previous month,

The focus of this research is because it is a bank that has been developing in terms of customers, assets and technology. BNI is a state-owned company in the field of banking economy. Bank BNI has savings and loan products. The number of customers is not strengthened by the loyalty of its customers. According to the survey MarkPlus Infobank magazine Insight together with Indonesian Bank Loyalty Index (IBLI) in 2016. For the highest customer loyalty index is still achieved by Bank Central Asia, Bank Mandiri and BNI BRI ranked third followed and BII. In addition, there are customers who experience

dissatisfaction about the way the service is rendered. In the case of companies on bank transaction recording systems that are less accurate, less responsive employees respond to customer difficulties, and employees who are not able to answer customer questions clearly. This bank must be considered by BNI because it is not managed to satisfy its customers, customers who do not transact again and create a bad impression of the customer against the BNI Bank.

Based on the description, the purpose of this study is to examine and influence the quality of customer satisfaction in Bank BNI, identify and examine the customer satisfaction on customer loyalty in Bank BNI, identify and examine the impact of service quality on Bank BNI customer loyalty and identify and examine the influence of service quality on customer loyalty mediated by customer satisfaction variables in Bank BNI.

THEORETICAL BASIS

Customer loyalty can be used as a key to the growth and sustainability of a company. Customer loyalty can be said to be the last in-depth customer commitment to re-subscribe or re-purchase the selected products consistently in the future, although the influence of the situation and marketing efforts have the potential to cause changes in behaviour (Oliver, 2010).

While Griffin (2005) state that customer loyalty is the one who has the characteristics, namely: (1) the purchase of regularly recurring basis. (2) Purchase of products and services between the lines. (3) To recommend to others. (4) Indicates immunity against the pull of competitors or is not easily influenced by competitors to move. Swastha and Handoko (2000) says there are five factors that affect customer loyalty, namely product quality, service quality, emotional, price, and cost. Lovelock and Wirtz (2011) revealed that satisfaction can be regarded as an attitude that is decided based on the experience acquired. The key to retaining customers is customer satisfaction. Indicators of consumer satisfaction can be seen from the re-purchase, creating word-of-mouth, creating a brand image, and creating purchasing decisions in the same company (Gerpott, Rams and Schindler, 2001)

Quality of service can be considered as an effort to fulfil the needs and desires of consumers and delivery accuracy in balancing the expectations of consumers (Gursoy and Chi, 2009). Quality of service has several dimensions or elements of service quality. As one of the pioneers in the measurement of quality of service, Tjiptono (2007) sparked servqual dimensions, namely: (1) Tangibles—is concrete evidence of a company's ability to showcase the best for the company. (2) Reliability is the ability of companies to provide services in accordance with customer expectations related to speed, punctuality, no errors, sympathetic attitude, and so forth. (3) Responsiveness is provided with fast response or an unresponsive and accompanied by the delivery of a clear and easy to understand. (4) Assurance guarantees and assurances are obtained from the politeness of employees, good communication, and knowledge so as to foster a sense of trust of customers. (5) Empathy is giving genuine concern and personal to the customer, this is done to determine accurately the consumer desires and specifications.

The framework serves to facilitate and provide an overview of research that will be done is the influence of service quality on customer loyalty and customer satisfaction as a mediating variable in Bank BNI Malang. Based on this theory, the conceptual framework of this research can be described as follows:

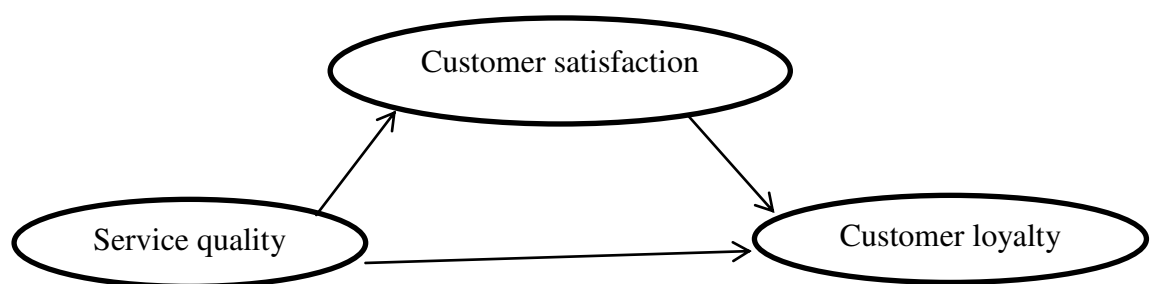


Figure 1. The conceptual framework of research

Based on the above framework shows that the quality of services provided to its customers the company will affect the satisfaction of its customers. If high customer satisfaction from it will affect customer loyalty. Similarly, if the quality of service from the company could lead to a loyal attitude of customers.

Customers will be loyal to the company if customers are satisfied with the quality of services provided so that it will appear the loyal nature of the customer.

RESEARCH METHODS

Location of the study the researchers did was in Bank BNI Malang located on Jl. Basuki Rahmat Malang. This type of research is a descriptive study using survey methods. No one used the source of primary data obtained from the questionnaires by customers of Bank BNI Malang. The number of samples using the formula Slovin so that the resulting sample of 100 customers using purposive sampling technique that is the criterion sampled in this study are customers savers who use the services of Bank BNI Malang who have ID cards (at least 17 years) and had to trade ≥ 2 times. Analysis of data using multiple regression analysis to test mediation and mediation using Sobel test.

RESULTS AND DISCUSSION

Table 1. Description of Respondents Answers About Dimension Reliability

No.	Question	Alternative Answers					Indicators score	Assessment criteria
		SS	S	N	TS	STS		
X1.1	The recording system (transactions) at Bank BNI accurate.	28	60	5	7	0	409	Good
X1.2	Customers get clear information from the teller.	33	54	6	7	0	413	Good
X1.3	Schedule of service at Bank BNI right (as scheduled operations).	35	56	4	5	0	421	Good
Average							414.3	Good

Table 1 is a responder on the dimensions of reliability. According to the table above illustrates that the majority of respondents responded agreed. The average score obtained reliability indicator dimensions 414.3 answer shows both criteria. On the dimension of reliability, respondents perceive that the recording system (transaction) on the bank of accurate, respondents getting information

from the teller clearly, as well as banking services respondents, feel the appropriate operational schedule.

Table 2. Description of Respondents Answers About Response Dimensions

No.	Question	Alternative Answers					Indicators score	Assessment criteria
		SS	S	N	TS	STS		
X2.1	Bank employee responsiveness / willing to help my trouble.	30	57	5	8	0	409	Good
X2.2	No need to wait long to get service in Bank BNI (quick service).	34	54	5	7	0	415	Good
X2.3	Bank BNI employees who are ready to respond to customer demand.	32	55	7	6	0	413	Good
Average							412.3	Good

Table 2 is a responder on the dimensions of responsiveness. According to the table above illustrates that the majority of respondents responded agreed. The average score indicator answers obtained 412.3 dimensions of responsiveness showed good criterion. On the dimensions of responsiveness, respondents perceive that the employee response or willing to help the difficulty of respondents, respondents felt fast banking services, as well as the respondents, felt that the bank employees ready to respond to customer demand.

Table 3. Description of Respondents Answers About Dimension Security

No.	Question	Alternative Answers					Indicators score	Assessment criteria
		SS	S	N	TS	STS		
X3.1	Bank employees to be polite in serving me.	33	53	7	7	0	412	Good
X3.2	Bank employees were knowledgeable so they were able to answer my questions.	30	57	4	9	0	408	Good

X3.3	I feel safe when transacting at BNI Bank.	37	55	0	8	0	421	Good
Average							413,7	Good

Table 3 is the respondent's response to the guarantee dimension. Based on the table above illustrates that the majority of respondents gave responses to agree. The average score of the indicator of the guarantee dimension is obtained by 413.7 indicating good criteria. In the guarantee dimension, respondents perceive bank employees who are polite in serving customers, respondents feel bank employees who are knowledgeable so that they are able to answer questions from respondents, and respondents feel security in transacting at the bank.

Table 4. Description of Respondent's Answers About the Dimensions of Empathy

No	Questions	Alternative Answers					Indicators score	Assessment criteria
		SS	S	N	TS	STS		
X4.1	Employees understand what the customer needs.	33	54	4	9	0	411	Good
X4.2	The way employees treat customers as expected.	32	54	5	9	0	409	Good
X4.3	Communication between employees and customers is well established.	36	54	3	7	0	419	Good
Average							413	Good

Table 4 is the respondent's response to the dimensions of empathy. Based on the table above illustrates that the majority of respondents gave responses to agree. The average indicator score answers to the dimensions of empathy obtained 413 shows good criteria. In the empathy dimension, respondents perceive that the respondent is satisfied with the employee who understands what is needed by the customer, the respondent feels the employee's treatment of the respondent is as expected, and the respondent feels that the way the communication is done by the employee is good.

Table 5. Description of Respondent's Answers About the Dimensions of Physical Evidence

No	Questions	Alternative Answers					Indicators score	Assessment criteria
		SS	S	N	TS	STS		
X5.1	Bank BNI provides a convenient customer waiting room.	35	52	5	8	0	414	Good
X5.2	The appearance of Bank BNI employees uses neat work clothes (uniforms that comply with the provisions).	27	60	4	9	0	405	Good
X5.3	Modern technology (e-banking, mobile banking) makes it easier for customers to transact at BNI Bank.	29	59	4	8	0	409	Good
Average							409,3	Good

Table 5 is the respondent's response to the dimensions of physical evidence. Based on the table above illustrates that the majority of respondents gave responses to agree. The average score of the answer indicator for the dimensions of physical evidence obtained by 409.3 shows the criteria for good. In the dimension of physical evidence, respondents perceive that Bank BNI provides a comfortable customer waiting room, bank employees use neat work clothes, and respondents are facilitated to transact with modern technology..

Table 6. Respondent's Answer Description About Customer Satisfaction

No	Questions	Alternative Answers					Indicators score	Assessment criteria
		SS	S	N	TS	STS		
Z1	The performance provided by Bank BNI has fulfilled customer expectations.	27	60	8	5	0	409	Satisfied
Z2	The customer feels his choice is right, he has chosen Bank BNI as a provider of	31	56	13	0	0	418	Satisfied

	financial transaction products or services.							
Z3	Customers are interested in discussing good things about BNI products and services to others.	35	59	3	3	0	426	Satisfied
Average							417,7	Satisfied

Table 6 is the respondent's response to variable customer satisfaction. Based on the table above illustrates that the majority of respondents gave responses to agree. The average score of the answer indicator variable for customer satisfaction obtained by 417.7 shows high criteria. In the variable customer satisfaction, respondents perceive satisfaction with the performance given by the bank or in other words banks have fulfilled consumer expectations, respondents are satisfied with bank services and feel the choice of respondents is correct, and respondents are interested in discussing good things about bank products and services to other people.

Table 7. Description of Responses About Customer Loyalty

No	Questions	Alternative Answers					Indicators score	Assessment criteria
		SS	S	N	TS	STS		
Y1	Customers prioritize Bank BNI as a provider of banking products or services (not affected by other banks).	31	58	8	3	0	417	Loyal
Y2	Customers are willing to recommend Bank BNI as a provider of financial transaction services to others.	31	55	14	0	0	417	Loyal
Y3	The customer wishes to continue to be a customer of BNI Bank.	31	59	7	3	0	418	Loyal
Average							417,3	Loyal

Table 7 is the respondent's response to variable customer loyalty. Based on the table above. The average score of the answer indicator variable for customer

loyalty is obtained by 417.3 shows high criteria. On customer loyalty variables, respondents perceived that the Bank prioritized Bank BNI as a provider of banking products and services, respondents were willing to recommend BNI as a provider of financial services to other people and wanted customers. to continue to be customers of BNI.

Table 8. Effect of Service Quality on Customer Satisfaction

Independent Variabe 1	Dependent Variabe 1	Standardize d Coefficients (β)	Std. Erro r	t_{count}	Sig.
Service quality (X)	Customer Satisfaction (Z)	0,835	0,009	15,01 4	0,00 0

The test results show there is a positive and significant influence between service quality on customer satisfaction. This can be seen from t count (15,014) greater than (1,98397) and Sig. (0,000) smaller than alpha 5% or (0,050). The regression coefficient of 0.835 is greater than 0.05, indicating that if service quality is increasing it will significantly increase customer satisfaction, whereas the decreasing quality of service will significantly reduce customer satisfaction. t_{table}

Table 9. Effect of Customer Satisfaction on Customer Loyalty

Independent Variabel	Dependent Variabel	Standardized Coefficients (β)	Std. Error	t_{count}	Sig.
Service quality (X)	Customer Satisfaction (Z)	0,288	0,109	2,648	0,009

The test results show positive and significant influence between customer satisfaction on customer loyalty. This can be seen from t count (2,648) greater than (1,98397) and Sig. (0,009) smaller than alpha 5% or (0,050). The regression coefficient of 0.288 is greater than 0.05, indicating that customer satisfaction is increasing, it will significantly increase customer loyalty, while customer satisfaction which decreases will significantly reduce customer loyalty. t_{table}

Table 10. Effect of Service Quality on Customer Loyalty

Independent Variabel	Dependent Variabel	Standardized Coefficients (β)	Std. Error	t_{count}	Sig.
Service quality (X)	Customer Loyalty (Z)	0,551	0,018	5,064	0,000

The test results show there is a positive and significant influence between the quality of service on customer loyalty. This can be seen from t_{count} (5,064) greater than (1,98397) and Sig. (0,000) smaller than alpha 5% or (0,050). The regression coefficient of 0.551 is greater than 0.05, indicating that if service quality is increasing it will significantly increase customer loyalty, whereas the decreasing service quality will significantly reduce customer loyalty. t_{table}

Table 11. Sobel Test

Input:	Test statistic:	Std. Error:	p-value:
a 0.835	Sobel test: 2.64113102	0.0910519	0.00826298
b 0.288	Aroian test: 2.64097774	0.09105719	0.00826672
s_a 0.009	Goodman test: 2.64128432	0.09104662	0.00825924
s_b 0.109	Reset all	Calculate	

The statistical test value is 2.64113102, the standard error is 0.0910519, the p-value generated is 0.00826298. Because the p-value is smaller 0.05 ($\alpha =$ alpha), H_0 is accepted, which means that there is mediation in satisfying satisfaction variables proven to be really able to mediate between service quality and investment loyalty..

CONCLUSION

Positive and significant service quality towards credit satisfaction at BNI Bank. Positive and significant financial satisfaction with the loyalty of money at BNI Bank. Positive and significant service quality towards customer loyalty at

BNI Bank. Positive and significant service quality towards customer loyalty is mediated by variable customer satisfaction at BNI Bank.

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