The Influence of Service Quality to Customer Satisfaction Toward Customer Loyalty

(A Study on Customer of PT. Bank Central Asia Borobudur Branch,Malang)

By :

Muhammad Fany Anugrah

Supervisor :

Dr.Noermijati, SE., MM

ABSTRACT

This study aims at finding out the influence of service quality on Customer Satisfaction and its influence Toward Customer Loyalty(A Study on Customers of PT. Bank Central Asia Borobudur Branch, Malang-East Java)".This is an explanatory research explaining the causal relationship among variables through hypotheses testing. The data collection techniques used were questionnaire and library research.

This study employed 100 samples from customers of BCA Bank of Borobudur Branch Malang. The samples were taken using simple random sampling. To test the instruments, validity testing, reliability testing, and classical assumption testing were employed. The analysis method used to analyze the data was path analysis.

Based on the result of the analysis, it was found out that the service quality has a direct significant influence on customers loyalty variables with t_{count}3.217.Next, the service quality also significantly influences the customers satisfaction with t count 9.587.In addition, the customers satisfaction significantly influences the customers loyalty with t_{count} 4.762. On the other hand, service quality has an indirect influence on the customer loyalty through customer satisfaction with effect value of 0.324 on PT Bank Central Asia Tbk.

Good service quality will make customers feel satisfied so that they will recommend the future customers to make use of the service from BCA Bank, say good things on the products and services given by BCA bank, and use the products from BCA bank in a long term.

Keywords: Service Quality, Customer Satisfaction, Customer Loyalty

INTRODUCTION

Banking industry has a role in economic activities which is very strategic since a country cannot be separated from the payment flow of traffic. It can be said to have an important role as it serves as an important industry of the economic system. The main activity of the Bank is to raise funds from the public or customers and distribute them back to the customer, and also has the function as a service provider (Sasongko, 2000).

Bank services are expected in the countries economic development. The service of the industrial bank includes two goals the first is to give cash, savings and credit cards. This is the most important role of the bank as the provider of the payment mechanism and an efficient tool for the customer in economic life. Without an efficient method of payment, the goods can only be gained through barter site, which is very time consuming. For both functions, receiving savings from clients and lending to those who need the funds, it means the bank increases the flow of investment funds and enhances further utilization.

Service quality is the main expectation of the general objective in using banking services. In building customer satisfaction, service quality is one of the key factors of the success of the Bank as a service company and there is no doubt in the world today, because there is nothing more important to a banking company than solving the problem of customer satisfaction through service as one of the commitment. Generally, there is a tendency for the clients request to be served in friendly, quick and precise manner (Sinungan,2000). Customers who are satisfied with the services tend to do positive word of mouth in social environment, in other hand, dissatisfied customers will tend to do negative word of mouth.

PT Bank Central Asia Tbk, is one of the service industry that specializes in the field of finance. From table 1.2 it is shown that BCA is a private bank that has more loyal customers than its competitors. Top ten ranking with a view of BCA could be said to have a better quality of service than other banks. Other factors that can affect BCA to get customer loyalty is the conformity of expectations from those who use the service of customers facilities or the ease given by the Bank to its customers, but the Bank still has a difficult task on how to keep and retain the customers they have today which is an important thing in the industry for customer service, in other words, the customer should be maintained because it is included as the most important asset. For the banking industry services, it is due to the urgency of continuously improve customer service and comfort in order to maintain customer satisfaction so that they do not move to another bank. Basically, it is difficult to retain customers, and therefore the Bank should continue to try to know and understand what our customers want, so knowing what customers want will make customers become loyal customers.

PT. Bank Central Asia gets ranked as one of the banks with loyal customers in which the achievement can not be separated from programs or facilities provided BCA to clients. BCA provides a call center that customers can rely on when in need of

information. BCA call center, "Halo BCA", achieve "Excellent Service" in the event of Call Center Service Excellence Award (CCSEA) 2010 at The Ritz Carlton Hotel, Jakarta. In the event organized by Marketing magazine along Center for Customer Satisfaction & Loyalty (CCSL), the Halo BCA considered being capable of providing the best service to its customers. BCA deserve this award because it can be very easily and quickly accessed, and BCA officers possess skills to serve customers. Systems and procedures at hello BCA also considered making customers to feel comfortable in getting all the information needed.

PT. Bank Central Asia always improves its services evenly and tries to apply one of their visions which is to provide the best service to its customer. PT. Bank Central Asia Tbk of Borobudur branch for example, is one of the branches of PT Bank Central Asia the branch which is very concerned about the quality of services provided to its customers. As evidence, BCA Borobudur has once achieve an award in the national level sating that it is "The Best Quality Main Branch Office at National Level" in 2010. Therefore, BCA bank of Borobudur branch always tries to keep this vision by improving the customer service ability of the employees who directly deal with customers through training program conducted internally and externally by the Bank. The service is a factor that can not be separated in the offering, selling bank products, and processing to make satisfaction, through BCA products 24 hours service

from hallo BCA will provide a medium of communication to customers and potential customers that can be used at any time for information about the Bank and its products. All of these are done by BCA to provide service of the highest quality to satisfy customers and build customer loyalty.

THEORITICAL FRAMEWORK

Service

Service is an act or performance offered by one party to another to create benefits for customer to realize the desired changes and also behalf of the recipient. Even though the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any production factor (Lovelock and Wright, 2007:5) In other words according to the Parasuraman in Tjiptono (2008:85) there are two main factors that affect the quality of services, services that are expected (expected value) and services that are perceived (perceived value).

According Lupiyoadi and Hamdani (2009:6) all services are a result of economic activity rather than the form of a physical product or construction, which is generally produced and at the same time consumption as well as adding value to consumers such as convenience, amusement, pleasure or the health of consumers.

Service Quality

Service quality is often defined as the fulfillment of the desire of business customers as well as the accuracy of the delivery of services in order to meet customer expectations. According to Lewis and Booms in Tjiptono (2008: 85) quality of service is defined as a measure of how good a given level of service that is able to conform to the

expectations of customers. Quality of service is a level of excellence (excellence) which is expected to top the superiority and control to meet the wishes of the customer (Lovelock in Tjiptono, 2008: 85). Quality is the totality of features and characteristics of a product or service in its entirety based on the ability of the products or services to meet the needs that have been expressed. (Griffin, 1995:208)

According Parasuraman to the Tjiptono(2008: 85) there are two main factors that affect the quality of the services, the expected service and perceived service. This means that there are two main factors that affect the quality of the services that the service that is expected and perceived service. If the services received or perceived as expected, then the perceived service quality is good and satisfying. If the services received exceed customer expectations, then the quality of service perceived as the ideal of service quality. If the services received is lower than expected, the quality of services is dependent on the ability of service providers to provide services to consumers continuously and consistently.
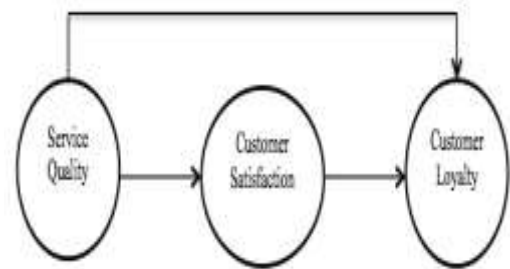
Customer Satisfaction

According to Kotler in Lupiyoadi (2001: 158) is the satisfaction level of feeling which the person claims the comparison of the performance of the products or services that are accepted and expected. Definition of customer satisfaction according to Lovelock and Wright (2007:96) is a short-term emotional reaction to the performance of customer service. Customer Satisfaction is response to the evaluation of the difference between the initial perception before purchase (other performance standard) and actual performance as perceived after using or consuming the product concerned (Fornell in Tjiptono, 2008:169).

Customer Loyalty

Consumers who are satisfied with the products they consume will generally have a high degree of fidelity. Fidelity is an ancient term that has traditionally been used to describe the enthusiastic loyalty and devotion to the nation, ideals, or individuals. In business, the term has been used to describe the desire of customers to continue to subscribe to the company in the long run, buying and using goods and services at the bear and better exclusively, and being willing to recommend the company's products to friends and colleagues (Lovelock & Wright, 2007: 133).

Gambar-1

Hypothesis Model

H_1 :There is effect of the service quality to customer loyalty PT Bank Central Asia TbkBorobudur Branch (Malang)

H_2:There is effect of service quality to customer satisfaction PT Bank Central Asia TbkBorobudur Brach (Malang)

H_3:There is effect of customer satisfaction to customer loyalty PT Bank Central Asia TbkBorobudur Branch (Malang)

H_4:That there is indirect effect of service quality to the customer loyalty PT. Bank Central Asia Tbk Borobudur Brach (Malang) trough customer satisfaction.

Research Methodology

Research is systematic and unchecked investigation of empirical and criticalnatural phenomena using a guided theory to provide hypothesis concerning the relationships of the

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previous thought about such phenomena (Hermawan, 2003:1). The type of research conducted in this research is explanatory research. According to Singarimum&Effendi (2011: 5) research explanatory explains causal relationships between variables in research and hypothesis testing, then such research is no longer called a descriptive research but research hypothesis testing or explanatory research.

The research was carried out by taking a sample of a population and use the questionnaire as a tool to measure the primary data collection, and describes the relationship between the variables. The methods used in this research is a survey method. Anandya&Suprihadi (2005: 121) conducted the survey method by asking the respondent to obtain the necessary information. This method is the application of standardization in asking questions. This research did data collecting by asking questions which is structured, verbal and written, or via a computer and the internet. The question is set out in a formal questionnaire, then asked directly by a certain order to the respondent.

This research was conducted at PT. Bank Central Asia Tbk. Of Borobudur Branch located at Jl. Borobudur complex commercial, Kav. 3-B-C-D city of Malang. The reason for choosing this location because the researcher wanted to know the quality of services provided by BCA Bank of Borobudur Branch which later results in the customer satisfaction and how is the influence of service quality on customer loyalty of BCA bank of Borobudur Branch.

With a total population of 1780 customers, the number of samples to be taken 100. The sampling method used in this research is probability sampling technique. Probability sampling is a sampling technique that gives equal opportunity for every letter or members of the population to be elected as members of the sample (Sugiyono, 2008).The technique of sampling method used is simple random sampling. It is a technique of sample determination from the member of population member which is done randomly without paying attention to level of the members in the population (Sugiyono, 2008).

FINDINGS AND DISCUSSION
### Validity Test

Validity testing is needed in a study, especially those using questionnaires to obtain data validity. The test is intended to determine the validity which is related to understanding of the validity of the concept and the empirical reality. Validity test is a measure that indicates the levels of validity and the validity of an instrument. An instrument is said to be valid if it is able to measure what you want to measure or reveal the data of the variables studied appropriately. High and low validity of the instrument indicates the extent to which the data collected are not deviate from the description of the variable in question.

Reliability Test

Reliability test shows the level of stability, constancy and accuracy of a measuring instrument or test used to determine the extent to which relatively consistent measurements when performed repeated measurements. Arikunto describes reliability as follows Reliability refers to a notion that an instrument is sufficiently reliable to be used as a means of collecting data because the instrument is good. Reliability testing technique uses alpha reliability coefficient. Criteria for decision making is when the value of alpha reliability coefficient is greater than 0.6 then the variable is already reliable (reliable).

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The Relationship Between Path

Of the overall calculations which have been done, this research resulted in the path coefficient diagram. The diagram shows the whole results of the analysis. The coefficient of service Quality Variable on Customer Satisfaction is 0,696. The coefficient of Customer Loyalty variable on Customer Satisfaction is 0.466. The quality of the service variable coefficient towards Customer Loyalty is 0.315
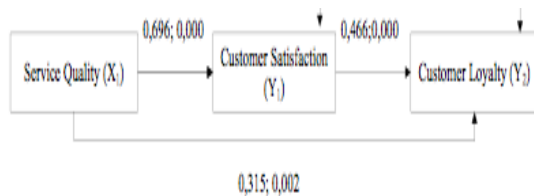
The Direct Influence of Service Quality (X) toward Customer Loyalty (Y_2)

Shows the beta coefficient of 0.315 indicates that the influence of the attributes of the Customer Loyalty, t_{count} is 3.217 $>t_{table}(1,985)$ and the probability is 0.002 (p <0.05). The decision is H_0 is rejected, meaning that the hypothesis stating that the service Quality significantly affects Customer Loyalty is accepted. The results of this analysis conclude that service quality has a significant influence on customer loyalty. That is related to how good the service quality provided by the company will affect the level of customer loyalty to BCA Bank of Borobudur Branch. In addition, the results of the descriptive analysis of each items of the variables show that service quality here deals with employees clothing neatness, cleanliness of the room, the technology used, the speed of the employees in the service, how employees cope with the customers problem, how employees use bank facilities, ease of contact, the seriousness of the employee in serving

customers, employees quick response to customer, employee professional nature, a sense of security to the customer, employee honesty, friendliness of employees, the company's attention to customers, and how employees build good relationships with customers. The average value of them reaches 4.46 which shows strong agreement of good category on the service quality received by customers of BCA Bank. Basically all customer want to match between their expectations with the level of service provided by the company. The level of service covers several factors such as how customers use the facility provided by the bank when doing a transactions, speed and employees expertise to serve customers, and the length of time used when doing a transaction, whether employees serve customers well or not, whether the customers are satisfied with the transaction at BCA Bank.

Service Quality Significant Effect on Customer Satisfaction.

Table 4.15 shows beta coefficient of 0.696 indicating the effect of service Quality on Customer Satisfaction, with a tcount 9.587 $>t_{table}(1,984)$ and probability 0.000 (p <0.05). Thus, the decision is H0 is rejected, meaning that the hypothesis stating that service Quality gives significant effect on Customer Satisfaction is accepted. Service quality has a positive and significant effect on costumer satisfaction of BCA Bank of Borobudur Branch. In addition, the results of the descriptive analysis of each items of customer satisfaction also discuss whether or not the products offered are in accordance with expectation of BCA customers. It is found out that all transactions are in accordance with customer expectations and the level of customer service satisfaction. They all say good thing for BCA Bank having the

average value of 4.55. It means that the cutomers show their agreement to say that the services provided by BCA bank is good. The result of path coefficients regarding the service quality on customer satisfaction is 0.696 it is because customer satisfaction depends on service quality that is given to the customer.

The Influence of Customer Satisfaction (Y_1) toward Customer Loyalty (Y_2)

Shows beta coefficient of 0.466 which indicates that the effect of Customer Satisfaction on Customer Loyalty. For t_{count} is 4.762 $>t_{table}$ (1,985) and probability 0.000 (p <0.05), so the decision is H_0 is rejected. It means that the hypothesis stating that the Customer Satisfaction significantly influences Customer Loyalty is accepted.

The results show that customer satisfaction has a positive and significant effect on customer loyalty. From the results of the descriptive analysis of the items on the variable of customer loyalty, it is shown that satisfied customers will use the product of BCA Bank in the long term. Not only that, they will use another products from BCA Bank and they will recommend BCA products to others. The average value of above items is 4.57. The figure includes the category of strong agreement which means that customer loyalty of BCA Bank falls into good category. In addition, the result of path coefficient values for the variables of customer satisfaction to customer loyalty of BCA Bank of Borobudur Brach is 0.466. It means that any increase in the level of customer satisfaction will affect the level of customer loyalty. It is also in accordance with the opinion stated by Lovelock and Wright (2007: 103) that is

customer satisfaction plays a very important role in a very competitive industry because there is a big difference in loyalty between a satisfied customer and a completely satisfied customer

The Influence of Service Quality Indirect Customer Loyalty Through Customer Satisfaction.

Calculation of the influence of Customer Satisfaction as an intervening variable is as follows:

Structural equation:

$$Y_2 = PY_2X + (PY_1X \times PY_2Y_1)$$

Direct Effect (direct influence) of Service Quality on Customer Loyalty is 0.315

Indirect Effect (IE) = $PY_1X \times PY_2Y_1$

$= 0.696 \times 0.466$

$= 0.324$

Total Effect (TE) = $PY_2X + (PY_1X \times PY_2Y_1)$

$= 0.315 + 0.324$

$= 0.639$

From the results of these calculations, it can be seen Customer Satisfaction is proven as an intervening variable in the relationship between Service Quality and Customer Loyalty. This is proven by the results of the calculation of Indirect Effect is worth 0.324. Total influence (Total Effect) of Service Quality on Customer Loyalty through Customer Satisfaction is 0.639.From the results of the research, it can be seen that Service Quality has a positive indirect effect on customer loyalty through Customer Satisfaction. Path

Analytical calculation shows an indirect influence of Service Quality (X) on Customer Loyalty (Y_2) through Customer Satisfaction (Y_1) that is equal to 0,324. While the direct influence of the Service Quality to Customer Loyalty, is only 0,315.

Conclusion and Suggestion

Conclusion

1. Based on the results of hypothesis testing using path analysis, there is direct influence from service quality to customer loyalty.

2. Based on the results of hypothesis testing using path analysis, there is direct influence between the variable of service quality to variable customer satisfaction. Thus it reinforce the notion that the higher quality of service can improve customer satisfaction.

3. Based on the results of hypothesis testing using path analysis, there is direct influence, customer satisfaction to customer loyalty. The results confirm that higher level of customer satisfaction can trigger the levels of customer loyalty which means that if the level of customer satisfaction is low, it will be followed by a low level of customer loyalty.

4. Based on the results of hypothesis testing using path analysis, there is indirect influence service quality to customer loyalty through customer satisfaction. These results confirm that customer satisfaction variables contribute some effects to service quality variable on customer loyalty.

5. Pelanggan PT. Telekomunikasi Indonesia Tbk Kandatel Malang memiliki kecenderungan yang tinggi dalam mengukur *Service Recovery* berdasarkan indikator *interactional justice*.

Saran

1. In connection with these results, it is important for the BCA Bank of Borobudur Branch to maintain and improve the quality of services provided to customers.

2. Based on the above research, customer satisfaction and customer loyalty are the items that fall into the highest category of technology used item affecting customer satisfaction and increase customer loyalty. The authors suggests to BCA Bank of Borobudur Branch to maintain the facilities provided to customers.

3. Suggestion for future researcher hence the writer suggests to add a variable other than service quality, customer satisfaction, customer loyalty and has been mentioned in the discussion in the previous part.

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