

Effect of the Service Quality on Customer's Satisfaction and Loyalty of Premium Credit Customer PD.BPR Bank Boyolali

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Abstract

This study took the title "Effect of the service quality on customer's satisfaction and loyalty of Premium Credit Customer PD.BPR Bank Boyolali". The purpose of this study were determine empirically service quality effect on the customer's satisfaction and loyalty. This study is a survey research. The data used is primary data with the sample of customer in PD.BPR. Bank Boyolali. Data collection instruments such a squestionnaires that measured with a Likert scale. Questionnaires were sent to the students as respondents the number of respondents at least 100 respondents. Data analysis methods used include 1) analysis of test instruments that test the validity and reliability, 2) descriptive statistical analysis, 3) analytical modeling path diagram with SPSS. Analysis of the model results lead to the conclusion that 1)Form influences on Customer's Loyalty through Customer's Satisfaction is smaller than the direct effect, 2)Effect of Reliability on Customer's Loyaltythrough Customer's Satisfaction is smaller than the direct effect, 3)Effect of Responsiveness on Customer's Loyalty through Customer's Satisfaction is smaller than the direct effect, 4)The influence of the warranty on the Customer's Loyalty through Customer's Satisfaction is smaller than the direct effect, 5)Effect of Concern on Customer's Loyalty through Customer's Satisfaction is smaller than the direct effect.

Keywords : service quality, customer's satisfaction, loyalty

1. Introduction

The excellence of a service depends on the quality shown by the services. Specific service must demonstrate the need and desire of the Premium Credit customers PD. BPR Bank Boyolali because services are perceived and enjoyed directly by Boyolali Bank customers will soon receive appropriate assessment or not in accordance with customers' expectations and assessment Premium Credit PD. BPR Bank Boyolali. Quality should start from the needs of customers of Bank Boyolali and ending on Premium Credit PD. BPR Bank Boyolalicustomer's perception (Kotler, 2007: 107). Premium Credit customer satisfaction PD. RB Boyolali Bank has a very close relationship with the Bank Boyolali customer's perception to a product or service offered. The perception of Premium Credit Bank PD.BPR Boyolali customer will be affected by the quality of products and customer satisfaction. If the customer expectations are too high, but it cannot be met by a product or service, the product or service will not satisfy the customer. According to Henning and Klee (2002: 45), customer satisfaction Premium Credit PD. BPR Bank Boyolali will positively affect customer commitments Premium Credit PD. BPR Bank Boyolali to be faithful. High level of satisfaction will lead to a recurrent positive reinforcement that will eventually create an emotional connection between the customer of Premium Credit PD. BPR Bank Boyolali and service

There are ,any ways to measure the quality of service. The one that is often used is Serqual concept developed by Parasuraman (2000: 56), namely the tangible, reliability, responsiveness, assurance and empathydimension. Because this concept is considered not sufficiently cover all aspects of service quality, especially in the field of banking. The existing business phenomenon is that there is a gap problem that leads to customer loyalty PD. BPR Bank Boyolali which fell due to customer satisfaction that is not increased and it happens because the quality of service of PD. BPR Bank Boyolali is not improved. If there is still any complaint from customer means that there is still a gap between what is desired by the customer as a consumer with a service that has been given by bank. Complaints were directed to the bank by customers responded positively by PD. BPR Bank Boyolali by taking steps to improve the quality of services provided to customers, it is because the customer complaints is part of a form of customer dissatisfaction as bank users. Quality of care cannot be separated from customer satisfaction. Customers who obtain optimum quality service from the bank will automatically create customer satisfaction.

2. Literature Review

Service loyalty, with its final effect on repurchasing by customers, appears to have received relatively little attention. This study starts by first delineating the concept of service loyalty and proceeds to distinguish between service quality and customer satisfaction. A mediational model that links service quality to service loyalty via customer satisfaction is proposed. Appropriate measures are identified and a postal survey is undertaken among

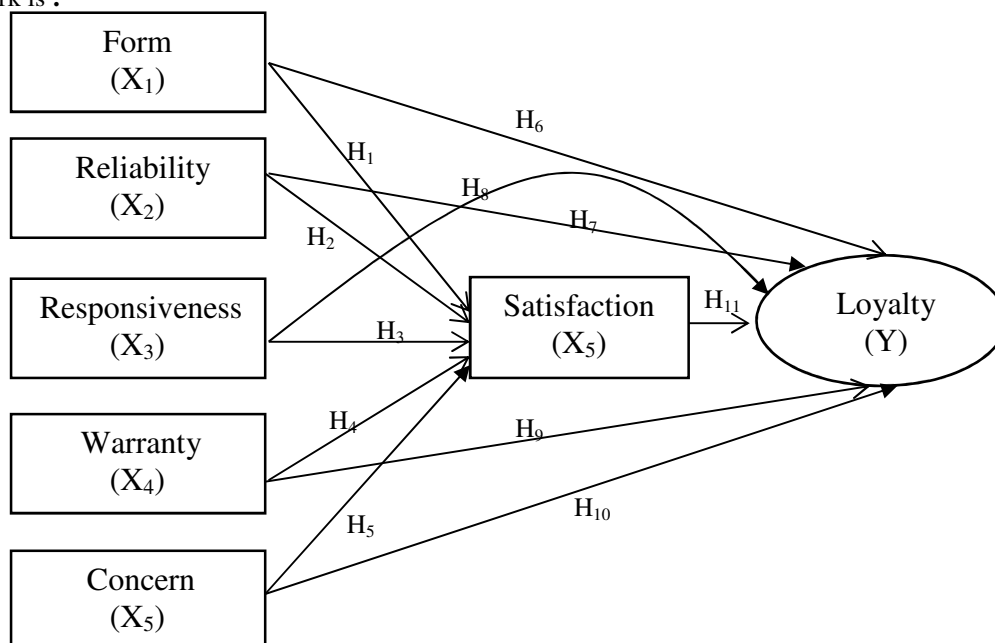
1,000 retail banking customers. A response rate of 20.5 per cent is obtained. Results indicate that customer satisfaction does play a mediating role in the effect of service quality on service loyalty. The effects of a number of demographic indicators on service loyalty are also reported. Implications are discussed, limitations of the study are noted and possible areas for further research are indicated (European Journal of Marketing, ISSN:0309-0566)

3. Theoretical

Dharmmesta (2009: 99), defines the community loyalty is as follows: "Brand Loyalty is: (1) the biased (i.e. non random), (2) behavioral responses (i.e. purchase), (3) Expressed over time, (4) by some decision making units, (5) with respect to one or more alternative brands out of set such brands and is (6) a function of psychological (i.e. decision making evaluative) processes. According Fornier and Yao (2001: 78), customer loyalty is an attitude that describes the actual behavior of customers who are not revealed or not realized, but the analysis and the true picture is clearly necessary for the underlying structure of the attitude of the customer. The Jacoby and Kyner (2000: 98) customer loyalty expressed by the six conditions necessary and collectively by integrating two approaches: This condition expresses that brand loyalty is the processes (1) bias (e.g. random), (2) behavioral response (e.g. purchase), (3) leisure time, (4) with some decision-making unit, (5) with respect to one or more alternative brands of several brands, and (6) a function of psychological (decision making, evaluative).

"Customer satisfaction is the degree of one's feelings after comparing the perceived performance Compared to expectations". Customer satisfaction is the level of one's feelings after comparing the perceived performance than expectations. Tjiptono (2002: 99) states that satisfaction or dissatisfaction is the customer response to the evaluation of perceived dissatisfaction between prior expectations and actual performance of the product after use. Customer satisfaction is a function of expectations and performance. Engel, et al (2005: 76) defines customer satisfaction as after-purchase evaluation of the selected alternative that gives the results obtained do not meet customer expectations. Kotler (2008: 196) argues that customer satisfaction is the level of one's feelings after comparing the perceived performance than expectations.

Quality of servicemeansempathy, responsiveness tothe needs, customer servicesaccording to the needsandgiven ina friendly way. Quality of serviceis ratherdifficult to measure because generallyit is subjective because it involves a person and depends on perception, labels, norms, education, culture and personality, social and economic. According Ratm into and Winarsih, (2005: 75) "Quality of service is a concept to flow to ignore the quality of service in the which service providers include all personnel "Quality of serviceis a concept of how to embed the quality of service in every phase of implementation services and in volve all personnel. Conceptual framework is :



Source: : Cronin and Taylor (in Dharmmanesta,2002), Dabhokar (2000), Taylor and Baker (2004), Cristobal et. Al. (2007), Wijanarko (2008), Wahyu Tri Yudanto (2009)

4. Hypothesis

H1 The form has significant effect on customer satisfaction Premium Credit PD. BPR Bank Boyolali.

- H2 Reliability has significant effect on customer satisfaction Premium Credit PD. BPR Bank Boyolali.
- H3 Responsiveness has significant effect on customer satisfaction Premium Credit PD. BPR Bank Boyolali
- H4 Warranty has significant effect on customer satisfaction Premium Credit PD. BPR Bank Boyolali.
- H5 Concern has significant effect on customer loyalty Premium Credit PD. BPR Bank Boyolali.
- H6 Form has significant effect on customer loyalty Premium Credit PD. BPR Bank Boyolali
- H7 Reliability has significant effect on customer loyalty Premium Credit PD. BPR Bank Boyolali.
- H8 Responsiveness has significant effect on customer loyalty Premium Credit Bank PD. BPR Boyolali.
- H9 Warranty has significant effect on customer loyalty Premium Credit PD. BPR Bank Boyolali.
- H10 Concern has significant effect on customer loyalty Premium Credit PD. BPR Bank Boyolali.
- H11 Customer satisfaction has significant effect on customer loyalty Premium Credit PD. BPR Bank Boyolali.

5. Research methods ; object and location.

5.1. Location and Object Research

The location of this research is on PD. BPR Bank Boyolali. And the research object is the Premium Credit customers PD. BPR Bank Boyolali.

5.2. Definition of Operational Variables

- Customer Satisfaction
 - a. Satisfaction with Direct facilities owned office.
 - b. Satisfaction with the bank's ability to realize its promises.
 - c. Satisfaction with the bank's ability to provide security and comfort.
 - d. Satisfaction with the ability of banks in terms of providing services to its customers immediately.
- Customer Loyalty
 - a. Re-Transactions
 - b. Recommend or advocate
 - c. Expressing positive things
 - d. Encourage or influence
 - e. Consideration
- The form
 - a. Comfortable environment
 - b. Clean environment.
 - c. Adequate support facilities. (parking lot, mosque, and toilet).
 - d. Have sophisticated computer equipment.
 - e. Neatness and cleanliness.
- Reliability
 - a. Service procedures.
 - b. Employee attitudes.
 - c. The accuracy in serving customers.
 - d. Reliable and trustworthy employees.
- Responsiveness
 - a. Employees willing to help customers.
 - b. Employees are responsive to the problems faced by customers.
 - c. Employees are quick in providing services.
 - d. Employees are accurate in providing services.
 - e. The sincerity in understanding customer desires.
- Warranty
 - a. Management is responsible for the safety of customers.
 - b. Employees have the appropriate knowledge fields.
 - c. Employees establish effective relationships with customers.
 - d. Employees have good skills.
 - e. Employees have more skills.
- Concern
 - a. Employees give a special empathy to customers.
 - b. Employees are punctual.
 - c. Employees provide service to all customers in accordance with the order.
 - d. Employees provide a convenient service and in accordance with the wishes of customers.

5.3. Population and Sample

The population is a set of units which is usually a person, an object, transaction, or event where researchers are interested to learn (Kuncoro, 2001: 67). The populations in this study are all premium credit customers (over 100 million) in the central office as many as 58 customers. So the populations in this study are 58 customers. According Arikunto (2001: 120), if the number of the subjects (population) of less than 100 samples of the population should all be taken as a sample, if the sample is more than 100, it can be determined based on a percentage, for example 10% -20% or 20% - 30 %, according to the ability of researchers. Based on the above theory, the researchers used census method or all members of the population sampled.

5.4. Data and Data Collection Technique

▪ Data

In this study as the primary data, i.e. data obtained directly from the PD. BPR Bank Boyolali, namely about customer perception towards form, reliability, responsiveness, assurance, caring, customer satisfaction and customer loyalty.

▪ Data Collection Technique

In this study, researchers looked at the condition of each study site, its activity as a general overview on PD.BPR Bank Boyolali.

▪ Questionnaire

In this study a list of statements given to the respondent with the aim of searching for information dissemination is complete with a questionnaire that has been provided by providing a cross (X) or a check list(V) where respondents with a tiered base Likert scale where respondents with weights values as follows: 1)SS(strongly agree) : the value is 5, 2) S(agree) : the value is 4, 3) K(less agree) : the value is 3, 4)TS(disagree): the value is 2, 5)STS(strongly disagree): the value is 1

6. Results

▪ Test Instrument Research

Validity for form variables(X1), Reliability(X2), Responsiveness(X3), Warranty(X4), Concern(X5), Satisfaction(X6), CustomerLoyalty(Y) are all valid questions based on the correlation of data items processed

▪ Reliability Test

Table 1. Reliability Test Result

Variable	Alpha Cronbach	Criteria	Description
Form	0,697	Alpha Cronbach> 0,60 hence reliable	Reliable
Reliability	0,719		Reliable
Responsiveness	0,780		Reliable
Warranty	0,781		Reliable
Concern	0,716		Reliable
Customersatisfaction	0,841		
Customerloyalty	0,727		

Source: Processed Data, 2013

▪ Linearity Test

Table 2. Linearity Test Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.016 ³	.000	-.117	.26846778

a. Predictors: (Constant), Satisfaction, Responsiveness, Form, Warranty, Reliability, Concern

b. Dependent Variable: Un-standardized Residual

Linearity test results show the R2 value of 0.000 with a sample of 58, the value of c^2 count = $58 \times 0,000 = 0$ while the value of c^2 table at 67.50. C^2 value count $< c^2$ table so it can be concluded that the true model is a linear model.

▪ Analysis of Path (Path Analysis)

Path Analysis Equation 1, From the table can be created first regression equation as follows:

$$Y1 = -0.001 + 0.225 X_1 + X_2 + X_3 + 0.224 + 0.122 + 0.442 X_4 + X_5$$

Path Analysis Equation 2, From the table can be made both regression equation as follows:

$$Y2 = 0,037 X_1 + X_2 + 0.333 + 0.551 + 0.068 X_3 + X_4 + 0.071 + 0.075 X_5 + X_6$$

▪ T- Test

a. First Equation of T Test

From the ttest on the first equation can be concluded that the variable Reliability Assurance, and Concern have positive and significant impact on satisfaction. It can be seen from the significant value of each variable <0.05. For form variable has negative effect and no significant on satisfaction. And responsiveness has positive effect and no significant on satisfaction.

b. Second Equation of T Test

From the t test on the second equation can be concluded that the Reliability, Responsiveness, Assurance, Care and Satisfaction have positive effect and significant on loyalty. It can be seen from the significant value of each variable <0.05. While For form variable is not significant and has positive effect on loyalty.

▪ F - Test

Table. 3.F Test Results (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
1. Regresion	265,444	6	44,241	613,653	,000 ^a
Residual Total	3,677	51	,072		
	269,121	57			

a. Predictors: (Constant), Satisfaction, Responsiveness, Form, Warranty, Reliability, Concern

b. Dependent Variable: Loyalty

Test results simultaneously (Test F) in the second equation is known the value of F=613.653 significance 0.000 <0.05. It can be concluded jointly that independent variables affect loyalty.

▪ The coefficient of determination (R²)

Judging from the coefficient of determination (R²) the total effect of the coefficient of determination obtained as follows:

$$\begin{aligned}
 \epsilon_1 &= \sqrt{1 - R_1^2} \\
 &= \sqrt{1 - 0,768} \\
 &= \sqrt{0,232} \\
 &= 0,481 \\
 \epsilon_2 &= \sqrt{1 - R_2^2} \\
 &= \sqrt{1 - 0,986} \\
 &= \sqrt{0,014} \\
 &= 0,118
 \end{aligned}$$

$$\begin{aligned}
 R^2 total &= 1 - \{(\epsilon_1)^2 x (\epsilon_2)^2\} \\
 &= 1 - \{(0,481)^2 x (0,118)^2\} \\
 &= 1 - \{(0,231) x (0,013)\} \\
 &= 1 - 0,003 \\
 &= 0,997
 \end{aligned}$$

R² value total ing 0.997, can be interpreted as variation customer loyalty premium credit PD. BPR. Boyolali Bank explained by the variable customer satisfaction and service quality by 99.7%, the remaining 3% is explained by other variables outside the model study.

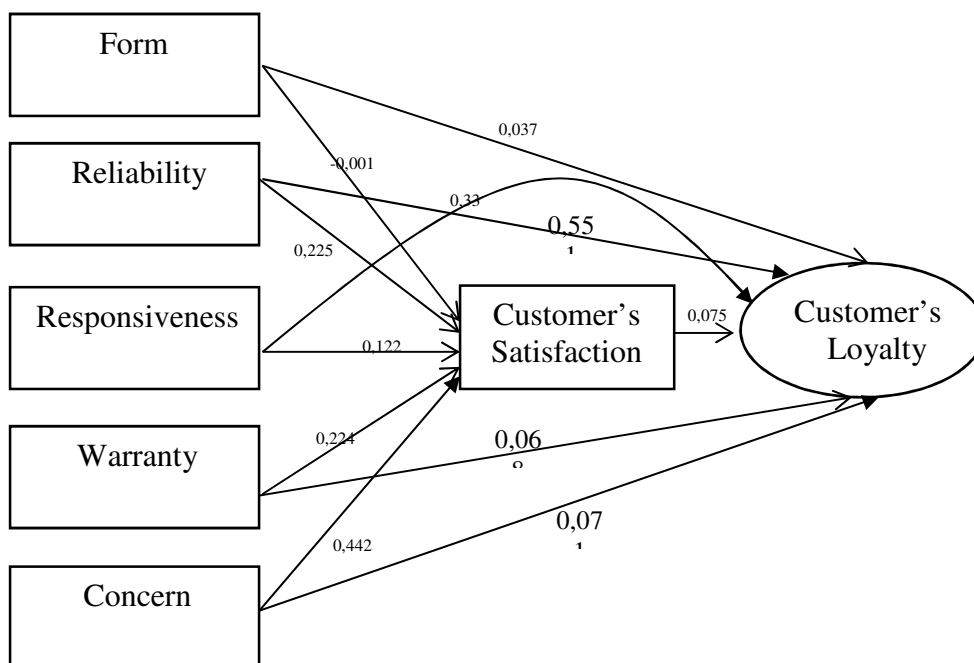
▪ Effect of Direct and Indirect Effect and Total Effect

Analysis the following lines show the direct and indirect influence as well as the total effect of this research. The results of the analysis are as follows:

Table 4. Direct and Indirect Influences

From Variable	Line Coefficient		Total Effect
	DE (Direct Effect)	IE (Indirect Effect)	
X ₁ to Y	=P ₁ =0,037		
X ₂ to Y	=P ₂ =0,551		
X ₃ to Y	=P ₃ =0,333		
X ₄ to Y	=P ₄ =0,068		
X ₅ to Y	=P ₅ =0,071		
X ₁ through X ₆ to Y		= P ₆ x P ₁₁ =-0,001 x 0,075 =-0,001	=0,037-0,001 =0,036
X ₂ through X ₆ to Y		= P ₇ x P ₁₁ =0,225 x 0,075 =0,016	=0,551+0,016 =0,567
X ₃ through X ₆ to Y		= P ₈ x P ₁₁ =0,122 x 0,075 =0,009	=0,333+0,009 =0,342
X ₄ through X ₆ to Y		=P ₉ x P ₁₁ =0,224x0,075 =0,016	=0,068+0,016 =0,031
X ₅ through X ₆ to Y		=P ₁₀ x P ₁₁ =0,442x0,075 =0,033	=0,071+0,033 =0,104

From the table above turns out that there are Form, Reliability, Responsiveness, Assurance, Concern and customer satisfaction has access to the Customer Loyalty either directly or indirectly through the Customer Satisfaction. Relationships between variable scan be described by the following chart:



Picture 1. Direct and Indirect Effect

7. Implications

The conclusion of the analysis shows that reliability is the most dominant variable affecting the Customer Loyalty in the premium credit PD. BPR Bank Boyolali. For it would be better if the PD. BPR Premium Credit Office Bank Boyolali in Customer Loyalty increase further improve reliability in particular by employees providing services to the procedure of service to customers quickly and not complicated.

The conclusion of this pathway analysis showed that the use of intervening variables in order to

increase customer satisfaction Customer Loyalty, for variable Form, Reliability, Responsiveness, Assurance, Concern are ineffective, because the indirect effect produces a smaller effect than the direct effect. This means, to improve the Customer Loyalty Premium Credit PD. BPR Bank Boyolali preferably through variable Form, Reliability, Responsiveness Assurance Concern directly. This identifies that Premium Credit Customers at PD. BPR Bank Boyolali need real Form, which can support the Customer Credit premium PD. BPR Bank Boyolali for loyal to Premium Credit Office PD. BPR Bank Boyolali.

In addition to requiring real Form and Premium Credit customers PD. BPR Bank Boyolali requires good reliability and Responsiveness between employees and customers with premium credit PD. BPR Bank Boyolali. To increase customer loyalty Premium Credit PD. BPR Boyolali Bank should also be considered in terms of safety and convenience of customers so that customers feel comfortable in the premium credit transactions PD. BPR Bank Boyolali. From the results of this study proved that the quality of service has an influence on loyalty of customer premium Credit PD. BPR Bank Boyolali. The better the quality of services provided by the Bank, the loyalty of customer premium Credit PD. RB Boyolali Bank will increase.

8. Conclusion

From the t-test on the first equation can be concluded that the Reliability Assurance, and Concern variables have positive and significant impact on satisfaction. It can be seen from the significant value of each variable <0.05 . Form variable has negative effect and no significant on satisfaction. And Responsiveness has positive effect and no significant on satisfaction.

From the t-test in the second equation, it can be concluded that the Reliability, Responsiveness, Assurance, Care and Satisfaction have positive effect and significant on loyalty. It can be seen from the significant value of each variable <0.05 . Form variable has positive effect and no significant on loyalty.

The test results simultaneously (Test F) in the second equation is known the value of $F = 613.653$ significance $0.000 < 0.05$. It can be concluded jointly independent variables affect loyalty. The R^2 total of 0.997, may imply a variation of premium credit customer loyalty PD. RB Boyolali Bank explained by the customer satisfaction variable and service quality by 99.7%, the remaining 3% is explained by other variables outside the model of this study.

The results of path analysis showed that:

- Form influences on Customer's Loyalty through Customer's Satisfaction is smaller than the direct effect.
- Effect of Reliability on Customer's Loyalty through Customer's Satisfaction is smaller than the direct effect.
- Effect of Responsiveness on Customer's Loyalty through Customer's Satisfaction is smaller than the direct effect.
- The influence of the warranty on the Customer's Loyalty through Customer's Satisfaction is smaller than the direct effect.
- Effect of Concern on Customer's Loyalty through Customer's Satisfaction is smaller than the direct effect.

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