

# The Influence of Service Quality, Satisfaction, and Trust Towards Customer Loyalty of Bank Nagari Air Haji Subsidiary Branch

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## ABSTRACT

The purpose of this research is to analyze the quality of the service, satisfaction, and trust toward customer loyalty. The number of the sample in this research is 202 respondents based on accidental sampling. They are the customers of Bank Nagari Air Haji Subsidiary Branch. The data processing of this research employs *smartPLS 3.2.7 Structural Equation Modeling* (SEM) software. The research result shows that the quality of the service contributes positive impact toward customer satisfaction and customer trust. However, the quality of service has no significant impact toward customer trust and customer loyalty. Customer trust also has positive impact and significant toward customer loyalty.

**Keywords:** *Service Quality, Satisfaction and Trust Towards Loyalty*

## 1. INTRODUCTION

Loyalty is one of the important factors for a company in order to be able to keep surviving in business competition. The customer loyalty reflected from their enthusiasm toward a product or service. According to Kotler and Keller (2009:138) "Loyalty is a commitment held deeply in buying or supporting back the preferred product or service in the future time despite the influence of situation and marketing efforts which have potential to cause the customer to switch their preference". Loyalty is a commitment hold strongly to repurchase or to rearrange a preferred product or service consistently in the future time, as the effect continuing to purchase the same brand, despite the situational impact or marketing efforts which have potential to switch the behavior (Martínez, 2013). Loyalty can be described in various ways depending on the product or service and situation, such as retention, repurchase and

financial contribution or non-financial (Roostika, 2011).

One of the factors that influence the loyalty is trust. Trust is the most important factor in purchasing, or trust can impact the loyalty (Bilgihan, 2016). The research result revealed that customer trust as a mediation has a strong influence toward attitude loyalty and purchase intention. Trust plays vital importance role in determining how far consumer trust and accept seller. The research result conducted by Park (2017) revealed that trust influence loyalty.

Service quality improvement can improve customer loyalty. Service quality dimension plays important role in improving customer loyalty. Service quality and loyalty have indirect correlation through trust. Contextual quality has been found out as the strongest contributor of the service quality, meanwhile, device quality is the least (Roostika, 2011). Dimension of service

quality (empathy, tangibles, responsiveness, reliability, and commitment) have significant impact toward customer satisfaction and loyalty (Izogo, 2015).

Customer satisfaction impacting the trust, which play vital importance role as the antecedent of customer loyalty. Customer satisfaction has a significant influence toward customer loyalty. The role of customer satisfaction mediation which facilitates the influence of service quality and customer loyalty is significant (Kasiri, 2017).

Park's research result (2017) revealed that satisfaction and trust are impacting loyalty. In line with Choi research result (2013) which shows that satisfaction influence loyalty. Next, Turkeyilmaz (2011) research result discovered the strong relationship between satisfaction and loyalty in the public sector. Training and self development are the most influential factors toward customer satisfaction.

Customer satisfaction can not be separated from service quality. Service quality can be obtained by comparing customers perceived service based on the actual service that they accept or obtained from the expected service. If the actual service is in line with the expectation, then the perceived service is a good one. If the actual service is beyond the customer expectation, then the perceived service is the ideal one. Otherwise, if the actual service is lower than the expected service, then the quality service perceived as bad.

The existence of numbers of conventional banks as the competitors around Bank Nagari Air Haji Subsidiary Branch had left this bank little option for the customers to work with. In addition, this bank has yet been able to draw big potential of surrounding market. Therefore, it is of vital importance that this bank, Bank Nagari Air Haji Subsidiary Branch to create a policy which combines Trust, Service, and Satisfaction toward customer loyalty.

Based on the above background problem, the author is interested in investigating this research entitled: " The Influence of Service Quality, Satisfaction, and Trust toward Customer Loyalty of Bank Nagari Air Haji Subsidiary Branch.

### **1.1. Customer Loyalty**

Loyal customers are those who are very satisfied with certain product or service , so that they have enthusiasm to introduce these products or services to anyone they know. The loyalty concept has been widely investigated previously.

Loyalty has been an important goal of every service provider due to the height of the customer retention or the the lower the level of the customer switch the higher the long term benefit (Zeithaml, Berry and Parasuraman, 1996). Customer loyalty according to oliver in Kotler and Keller (2012:149) is the commitment to sustain deeply through purchasing or resubscribing with preferred service product consistently in the future time, despite the situational influence and marketing efforts to change the behavior.

Loyalty refers to the commitment of the consumer to repurchase preferred product and service consistently in the future time. There are two dimensions to measure customer loyalty, namely, behavior loyalty, and attitude loyalty. Behavior loyalty refers to the customer behavior to repurchase since the customer prefers certain brand or service. Loyalty Attitude Loyalty reflecting customer emotionally as well as psychologically to repurchase and to recommend the service or product to other people (Amin, 2013).

Loyalty is the commitment held strongly to repurchase or rearrange preferred product or service consistency in the future time, so that the customer are repurchasing the same brand, despite the situational and marketing efforts which potentially alter the behavior (Martínez, 2013). Loyalty can be described in various

different ways depends on the product or service, and situation, such as retention, repurchase and financial contribution or non-financial (Roostika, 2011). Bank is to develop result in the form of customer loyalty to achieve higher business growth and higher level of customer retention (Maharishi and Bhardwaj, 2014). Based on the above quotations, it can be concluded that loyalty concerns about customer repurchase, not about the percentage of previous customers. The percentage is the customer who are purchasing in certain time range and repurchase since the first purchase.

### **1.2. Service Quality**

There are numbers of academic research about service quality measurement. Traditional service quality (SERVQUAL) or gap analysis model" was developed by Parasuraman, Zeithaml and Berry in early 1980s, which based on the view that customer assesses service quality by comparing service expectation and perceived service provided by certain service provider. The five series of service quality dimensions are physical evidence (tangibility), reliability, responsiveness, assurance, and empathy in the whole part of service industry which identified with the dimension (Kassim, 2010). In line with that, Lo Liang Kheng, (2010) mentioned five dimensions of service quality: (1) Tangibles- Physical facility, tools, and personal appearance; (2) Reliability- The ability to provide service as promoted in a reliable and accurate ways; (3) Responsiveness- The willingness to help the customer and provide a fast service; (4) Assurance (including competence, politeness, credibility, and safety) – Knowledge and politeness of the employees and their ability to inspire trust and self –confidence; (5) Empathy (including access, communication, customer understanding) – full attention and individuality as provided by the company to the its customer.

Service quality dimension has different impact toward customer satisfaction and loyalty which indicates that service provider needs to

focus on the aspect that gives significant impact toward their attitude (satisfaction) and behavior (loyalty). In specific, service provider needs to realize that this relationship is different between the customer with membership and the customer with no membership (Shi, 2014).

All of the service quality dimensions have positive impact and significant toward satisfaction. The satisfaction would then encouraged customer loyalty that implies that the more satisfied customer will keep continue using the same service provider in the future time, disseminate the information from mouth to mouth and less tendency to switch to the other service provider (Sandada, 2016). Service quality is an important element that can not be neglected by the company in order to maintain and draw the customer. Therefore, company needs the customer to keep the company running.

- H1. Service quality has a positive and significant effect on customer satisfaction bank nagari air haji subsidiary branch.
- H2. Service quality has a positive and significant effect on customer trust bank nagari air haji subsidiary branch.
- H3. Service quality has a positive and significant effect on customer loyalty bank nagari air haji subsidiary branch.

### **1.3. Customer Satisfaction**

Customer satisfaction is the internal feeling of any individual who may constitute the satisfaction or dissatisfaction resulting from the evaluation of the services provided to individuals in context to anticipate customers by an organization (Saleem, 2014). Consumer satisfaction is a key factor for establishing long-term relationships with consumers and gaining the intention of buyback (Kim, 2011).

Satisfaction refers to the emotional state resulting from the customer's evaluation of the services provided by the company and its response to it. When consumers are satisfied with

the company, they tend to form a sustainable commitment and affective commitment to its products. The results showed that satisfaction and trust have an effect on loyalty (Park, 2017). In line with the research results (Quadri-Felitti, 2013) shows that satisfaction has an effect on loyalty. Then the research result of Turkyilmaz (2011) shows a strong link between satisfaction and loyalty in the public sector. Personal training and development are the most impacting customer satisfaction.

Satisfaction was found to positively impact the trust that in turn affects customer loyalty. These findings imply that customer satisfaction affects trust, which plays a key role as an antecedent of customer loyalty (Kim, 2011). The results show that customer satisfaction has a significant relationship with imagery, imagery has a significant relationship with trust, and Trust has a significant relationship with customer loyalty (Amin, 2013).

- H4. Customer satisfaction has a positive and significant effect on customer trust bank nagari air haji subsidiary branch.
- H5. Customer satisfaction has a positive and significant effect on customer loyalty bank nagari air haji subsidiary branch.

#### **1.4. Trust**

Trust is defined as a psychological condition consists of willing to accept vulnerability/risk based on the intended expectation or other people behavior. Trust is the belief toward character, ability, strength, or one's accuracy or a thing's accuracy (Hong, 2011). Customer trust is defined as a belief that the product provider or service provider is reliable to act properly so that customer long-term interests can be well served ((Martínez, 2013).

Trust is the willingness to depend to the exchange partners in which one relies their individual trust". Trust is of vital importance in the service context since the characteristics of the

service such as tangibility, and heterogeneity had caused difficulties in selecting and evaluating the service provider. Customer trust, which refers to the trust owned by customer toward a company, was formed based on the previous experience with certain company (Choi, 2013).

Trust can be defined as a safe feeling and willing to rely on someone or something. Trust can be classified into two ways: (1) trust as a belief, attitude, or expectation about other party; and (2) trust as behavioral intentions or dependency behavior, and involving vulnerability and uncertainty (Kim, 2011).

According to commitment-trust theory, trust is "the level of trust toward reliability and integrity of the exchange partner. Consumers feel sure about the quality of a product or service when they trust a company and belief that the trusted company are having a bigger ethical and social responsibilities. (Park, 2017).

Mayer et. al, (1995) argued that there are three characteristics of trust which can cause an individual to be more or less trust. These trust factors are including competence, benevolence, and integrity. Competence makes it possible for a party to has influence in many cases or certain situations.

Competence in the context of trading can be involved good product knowledge, fast delivery, and qualified customer service. Benevolence refers to how far someone was trusted to do good deed, other than benefit motive. An individual might merely wanted to help, not due to obligation or due to eccentric rewards. Next, integrity is related with the perception to obey a series of principle that can be accepted together. Company needs to maintain the integrity by adhering the established rules and policies (Hong, 2011). The customers who trust the service provider refer to their belief that not only are the service provider act competently and reliably, but the service provider will prioritize customers' need right from the heart in making the service decision and provide the service

(Martínez, 2013). In general, trust is viewed as the basic element in building the long term relationship. In brief, it can be conclude that trust is worthy and important in building relationship, though it is never easy to a trusted party since it requires partnership.

H6. Customer trust has a positive and significant effect on customer loyalty bank nagari air haji subsidiary branch.

**2. METHODS**

**2.1. Sample**

The number of the sample who become the respondents in this research is 200. This research sample was taken through accidental sampling. Questionnaire was given to the eligible customers, in which they are the saving customer at Bank Nagari Air Haji Subsidiary Branch. Below are the profiles of the participated customers as can be seen in the following table 1:

**Table 1. Sample Description Statistics**

Description	Frequency	Percentage
<b>Sex</b>		
Male	76	38
Female	124	62
<b>Age</b>		
<20 year	32	16
20-29 year	73	37
30-39 year	71	36
>40 year	24	12
<b>Income</b>		
<Rp 3,000,000	110	55
Rp 3,000,000 – Rp 4,999,999	40	20
Rp 5,000,000 – Rp 10,000,000	37	19
>Rp 10,000,000	13	7

Source: Processed Primary Data, 2020

**2.2. Measures**

In order to provide a more specific description of each variables in this research; hence indicators used in this research can be seen in the following table:

**Table 2. Research Indicator**

Variable	Indicator	Source
Customer Loyalty	1. <i>Attitudinal loyalty</i> 2. <i>Behavioral loyalty</i>	Boonlertvanich (2019)
Service Quality	1. <i>Reliability</i> 2. <i>Assurance</i> 3. <i>Tangibility</i> 4. <i>Empathy</i> 5. <i>Responsiveness</i>	Meesala (2016); Shi (2014); Kumar (2010)
Satisfaction	1. Impressed with the provided service 2. Accepting the best service 3. Satisfied as a whole	Boonlertvanich (2019)
Trust	1. <i>Competence</i> 2. <i>Benevolence</i> 3. <i>Integrity</i>	Oliveira (2017); Hong (2011)

The instrument in this research is questionnaire. Questionnaire is the structured technique to obtain data which consists of a series of written statement or verbal answered by the respondent. To conduct analysis, each instrument is scored within 1-5 range. Very satisfied statement agreed by the respondent signifies the supporting attitude, and vice versa, unsatisfied statement agreed by the respondent reflects the unsupporting attitude.

Instrument of this research data are in the form of questionnaire arranged based on the research variables by using likert scale, which is one of cthe methods to measure agree or disagree attitude toward subject, object, or certain event.

The assessments are: SS = Very Agree, S = Agree, N= Neutral, TS = Disagree, STS = Very Disagree.

### 3. RESULTS AND DISCUSSION

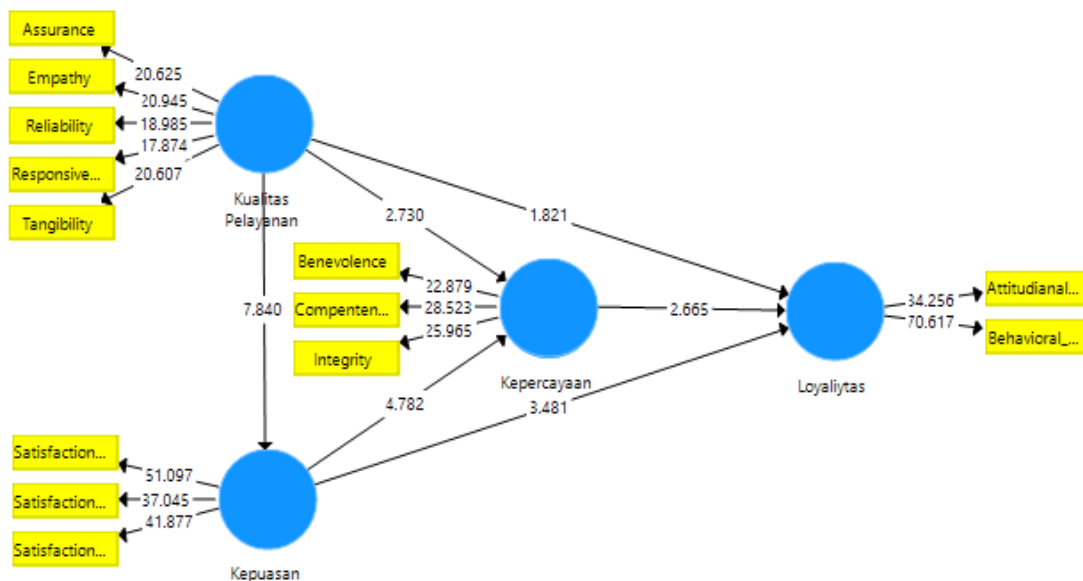
#### 3.1. Result

The signification of prediction model in the structural testing model assessment can be seen from t value – statistics between independent variable and dependent variable in the Path Coefficient table in the *SmartPLS* output as follow:

**Table 3.** Path Coefficients(Mean, STDEV, t-Value)

	Original Sample (O)	T Statistics ( O/STDEV )	P Values
Trust -> Loyalty	0,265	2,665	0,008
Satisfaction -> Trust	0,511	4,782	0,000
Satisfaction -> Loyalty	0,276	3,481	0,001
Service_Quality -> Trust	0,276	2,730	0,006
Service_Quality -> Satisfaction	0,512	7,840	0,000
Service_Quality -> Loyalty	0,160	1,821	0,069

Source: Processed Primary Data, 2020



**Figure 1.** The Results Of The Relationship Between Variables

The result of first hypothesis test revealed that service quality has positive impact toward customer satisfaction. This result is in line with research conducted by Kassim (2010) which showed that provided service quality has significant impact toward customer satisfaction. The service quality dimensions (empathy, tangibles, responsiveness, reliability, and commitment) play significant role toward customer satisfaction (Izogo, 2015). The service quality dimension has different impact toward the customer satisfaction and customer loyalty which revealed that service provider is actually need to focus on the aspect contributes significantly toward their attitude (satisfaction) and behavior (loyalty).

Next, based on the level of respondent's achievement result, it can be inferred that among the five indicators of service quality, responsiveness indicator indicates the lowest level respondent achievement of the service quality. This signifies that the improvement of this responsiveness indicator would result in the improvement of customer loyalty significantly.

The result of the second hypothesis revealed that service quality has positive impact toward customer trust. This result is in line with research as conducted by Saleem (2017) which indicates that service quality influence the trust in which later will promote repurchase by the customer.

Satisfaction refers to the emotional condition which resulted from customer evaluation given by the company and the company response toward it. When the customers are satisfied with the company, they tend to build a continuation commitment and affective commitment toward the company products (Park, 2017).

The hypothesis result signified that service quality has positive impact toward customer loyalty, but insignificant. The research result conducted by Shi (2014) revealed that customer with no membership has a higher evaluation of service quality; however, customer with

membership tend to choose their service provider as their first choice or priority.

Respondent achievement result level indicated that in a whole the result achievement level of the respondent is in good category. However, this can not guarantee the high level of customer loyalty; hence the low or the height of the service quality do not influence the customer loyalty significantly.

The result of the fourth hypothesis testing revealed that satisfaction has significant impact on customer trust. This research result is in line with research conducted by Amin (2013) which revealed that customer satisfaction has significant relationship with trust, and trust has significant relationship with customer loyalty.

The result of the descriptive analysis revealed that the all three satisfaction indicators have adequate respondent achievement level. In case, these three indicators were improved; hence it can improve the customer trust to the bank.

Satisfaction has positive impact toward trust, which in return can impact the customer loyalty. This finding implies that customer satisfaction influence trust, which plays key role as the antecedent of customer loyalty (Kim, 2011).

The result of hypothesis test revealed that satisfaction has positive impact on customer loyalty. This research result is in line with the previous research results. Customer satisfaction has significant relationship with image, trust, and customer loyalty (Amin, 2013). Customer satisfaction influence trust, which plays key role as the antecedent of customer loyalty (Kim, 2011). Customer satisfaction has a significant role toward customer loyalty and the customer loyalty is significant itself (Kasiri, 2017).

The result of the descriptive analysis revealed that all indicators of customer satisfaction is in sufficient category. This indicates that if satisfaction indicator such as impressed with the service provided by Bank Nagari, accepting the

best service from Bank Nangari, and as a whole feel satisfied with Bank Nagari. These all may improve customer loyalty. There is a string relationship between satisfaction and loyalty in the public sector. Training and personal development become the most influential factor that can affect the customer satisfaction (Turkyilmaz, 2011).

The result of hypothesis test revealed that trust has a positive impact toward customer loyalty. This research result is in line with research conducted by Park (2017) which indicated that satisfaction and trust influence the loyalty. Trust is the most important loyalty factor in purchasing. In other words, trust can influence loyalty (Bilgihan, 2016).

The result of respondent achievement level calculation revealed that integrity indicator is the lowest respondent level achievement. However, if this indicator improved in terms of promised commitment, sincere and honest, trust values toward the promises, and no fake statement, thus, these might contribute to the improvement of customer loyalty.

Trust plays a vital importance role in determining how far the customer trust and accept service (Hong, 2011). All three trust factors, namely, trustworthiness, benevolence, and integrity have significant influence statistically toward customer trust. Second, it is found out that trust can be easily change in certain market. Third, result revealed that trust influence attitude loyalty and purchase intention. In fact, attitude loyalty can be the most important determination of purchase intention (Hong, 2011).

### **3.2. Conclusions**

This research provided empirical evidence on the influence of service quality, satisfaction, and trust toward customer loyalty of Bank Nagari Air Haji Subsidiary Branch. This research employs 200 respondents as the sample. They were the customer of Bank Nagari Air Haji Subsidiary

Branch. The research result revealed that service quality has positive impact and significant toward customer satisfaction and customer trust. However, service quality has no significant impact toward customer loyalty. Meanwhile, customer satisfaction plays positive and significant impact toward customer trust and loyalty. In addition, customer trust also plays positive and significant impact toward customer loyalty.

Based on the research result, it can be concluded that in order to improve customer loyalty there are many strategies that can be employed such as: (1) Improve the customer satisfaction by providing service to impress the customer, accepting the best service, and as a whole feel satisfied with Bank Nagari; (2) Improve customer trust by improving the integrity indicator by fulfilling promised commitment, offering sincere and honest information, fulfilling all the promises. The other indicators such as competence and benevolence also need to be improved to assure the customer loyalty; (3) Improve the service quality by improving the lowest indicator that is responsiveness, such as the employer needs to prioritize the customer need, the employer provides service without difficult process that objected the customer, quick response and is able to fulfill the customer demand. However, the improvement can also be applied toward other indicators such as reliability, assurance, and empathy. The improvement of these indicators can also improve customer loyalty significantly.

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