

THE ROLE OF SERVICE AND RELATIONSHIP QUALITY TOWARD CUSTOMER SATISFACTION AND LOYALTY IN BANK JATENG BRANCH OF SURAKARTA

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ABSTRACT

The purpose of this study to know effect of service quality and relationship to customer satisfaction and customer loyalty in Bank Jateng Branch Surakarta. Total sample of 100 respondents are customers of Bank Jateng Branch of Surakarta. The data in this research will be obtained directly from the results of interviews with the spread of questionnaires that have provided answers and or from field observations. Data showing the intensity of a behavior, a qualitative quantity will be quantized by using Likert scale. The result of regression equation shows that: Service quality significantly influence customer satisfaction at Bank Jateng Branch of Surakarta. Relationship significant effect on customer satisfaction at Bank Jateng Branch Surakarta. Service quality significantly affects customer loyalty in Bank Jateng Branch of Surakarta. Relationship significant effect on customer loyalty in Bank Jateng Branch Surakarta. Customer satisfaction has no significant effect on customer loyalty in Bank Jateng Branch of Surakarta. The conclusion of this path analysis shows that the use of intervening variable of customer satisfaction in order to increase loyalty, for the variable of service quality and relationship shows ineffective.

Keywords: Service Quality, Relationship, Customer Satisfaction, Loyalty

JEL classification: E51, G20

1. INTRODUCTION

The problem of satisfaction and loyalty are inseparable service problems which a demand from consumers, which perceives how far the quality of service received by consumers of companies who want to grow and survive should be able to provide to customers products in the form of goods or services quality and service which is better than its competitors. The companies that want to grow and survive must be able to provide to customers the product in the form of goods or services quality and better service than its competitors. This is done in an effort to give satisfaction to the customer. Customer satisfaction becomes important and it is imperative that the company's products and services remain successful, both operational level, managerial and strategic. Consumer satisfaction significantly has an effect on repurchase desire (Cronin & Taylor, 1992), so customer satisfaction can be seen from the desire for repeat purchase. Consumers who feel psychologically dissatisfied will feel depressed. The next action is to complain and have a desire to file a complaint. Effective complaints handling can have a strong influence on consumer retention rates, fending off widespread prejudice and improving bottom-line performance (McCollough and Bharadwaj, 1992). There are two factors that affect the quality of service, the expected service and perceived service (Parasuraman et al., 1985). If the service received is as expected, then the service quality is perceived as good and satisfactory, if the service received exceeds the customer's expectation, the service quality is perceived to be ideal, on the contrary if the service received is lower than expected, the service quality is perceived poorly.

Nowadays business competition is good in any context whether product or service is very tight. The existence and emergence of many financial services from both the bank's financial institutions and non-bank financial institutions, cooperatives, banks have an important role in supporting economic growth. It also awakens the public to the benefits provided by financial services for the fulfillment of their needs.

The existence of banking services in the era of intense competition requires banking service companies to improve themselves to meet the increasingly fierce competition. This, of course, required the superiority of a service which will greatly depend on the uniqueness and quality shown by the financial services. Specific services must reflect the needs and wants of the customer because the services felt and enjoyed directly by the customer will immediately be assessed in accordance or not in accordance with the expectations and customer ratings. Quality must start from customer needs and end in customer perception (Kotler, 1997). This means that the image of good quality is not seen from the perception of service providers but based on customer perceptions. Customer perceptions of service quality is a comprehensive assessment of the benefits of a service.

Bank Jateng Branch of Surakarta, which an experienced bank company aware of the challenges faced in this competition requires special attention. Orientation on customer's problem becomes the main priority scale besides creating quality improvement of service need to be developed to be able to compete with other Bank. Even today Bank Jateng Surakarta Branch really realizes that the need to package excellent products become the main priority scale. Therefore, the five dimensions of service quality measure, reliability, responsiveness, assurance, tangibles (direct evidence), and empathy, will be the main variable that directs all resources toward the service quality orientation above.

In addition to the quality of service, long term relationships with customers are critical. A solid and mutually beneficial relationship between service providers and customers can build repeat bussines and create customer loyalty. Characteristics relationship is focused on efforts to establish long-term relationships with customers that impact on a series of transactions over time so that it will always create a network, the relationship that lasts continuously in the long term and does not stop only at the time of sales transactions, focusing on satisfaction non-economic, such as service, product delivery time and service delivery, and prioritize opportunities for mutually beneficial relationships on the basis of mutually satisfactory agreements. Some researchers have examined the effect of service quality, customer satisfaction and loyalty.

This study aims to determine: influence of service quality to customer satisfaction at Bank Jateng Branch of Surakarta; influence of relationship to customer satisfaction at Bank Jateng Branch of Surakarta; influence of service quality on customer loyalty at Bank Jateng Branch of Surakarta; influence of relationship to customer loyalty at Bank Jateng Branch of Surakarta; influence of customer satisfaction on customer loyalty at Bank Jateng Branch of Surakarta.

1.1 Consumer Behavior

Mowen (1990) understanding consumer behavior is a decision-making action and process that involves how to obtain and consume or utilize goods, services, experiences, and ideas. So consumer behavior can be an action, a process, and a social relationship made by an individual, a group of people or an organization in order to obtain, use, and gain experience from a product of goods, services or other resources (Zaltman & Wallendorf, 1983).

Many variables affect consumer behavior and their tendency to interact with each other. Nowadays, various consumer behavior models have been developed that can be used for various uses, but the main objectives are: (1) to assist in developing theories that guide consumer behavior research, (2) as a basic material for studying the knowledge of growing consumer behavior . As an illustration can be seen as follows:

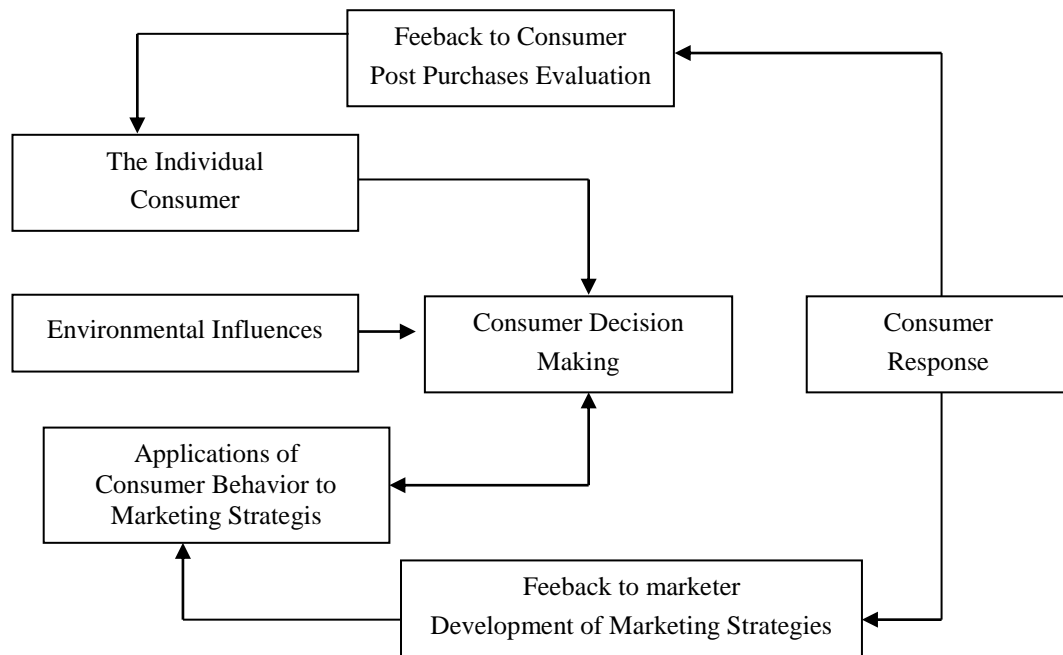


Figure 1. Customer Behavior Model

Source: Assael (1987)

Kotler (2000) is a form of human needs generated by individual culture and personality. Desire is depicted in the form of an object that will satisfy the need. If a desire has been fulfilled with the receipt of a satisfaction, it will lead to loyalty to customers (Basu Private, 2001). Oliver (1997) customer loyalty is: "a deep insight into the commitment of repeat purchase or better re-upgrading of a product or service consistently in the future, although situational influences and marketing efforts have the potential for behavioral change." So the key thing to survive in a very tight economic and business competition climate is with flexibility which means the ability to adapt to environmental change.

Tse and Wilton (1988) states that customer satisfaction or dissatisfaction is a customer response to the evaluation of the perceived dissatisfaction between previous expectations and the actual performance of the product after its use. Customer satisfaction is a function of expectation and performance. According to Engel, et al., (1995) defines customer satisfaction as a buy-back evaluation of selected alternatives that yield results equal to or exceed customer expectations. Dissatisfaction arises when the results obtained do not meet customer expectations. Kotler (1997) argues that customer satisfaction is the level of one's feelings after comparing perceived performance compared to expectations. Parasuraman, et al., (1985) states there are two main factors that affect the quality of service that is expected service and perceived service. According to Kotler and Keller (2007), according to the holistic marketing concept, the relationship between marketing partners and the marketing partners is the goal of building mutually satisfying long term relationships with key parties such as customers, suppliers, distributors and other marketing partners. Sivesan (2012) says that relationship marketing is a very important concept to attract and retain customers within an organization.

Cronin and Taylor (1992) entitled Marketing Services Quality: A Reexamination And Extension showed results there is a positive relationship between service quality and customer satisfaction with Loyalty. Customer satisfaction level gives more influence than the level of service quality to Loyalty. Taylor and Baker (1994) entitled An Assessment Of The Relationship Between Service Quality And Customer Satisfaction In The Formation Of Consumers Purchase Intention shows the results of interaction regression coefficient Customer satisfaction with service quality of the three industries (park services, aviation services, telecommunication services distance far) significant to Loyalty.

Velnamby and Sivesan (2012) entitled Customer Relationship Marketing and Customer Satisfaction: A Study on Mobile Service Providing Companies in Sri Lanka shows the results The results show that weak but positive customer relationship marketing correlates with customer satisfaction. However, the correlation is very significant. Framework for thinking in this study is:

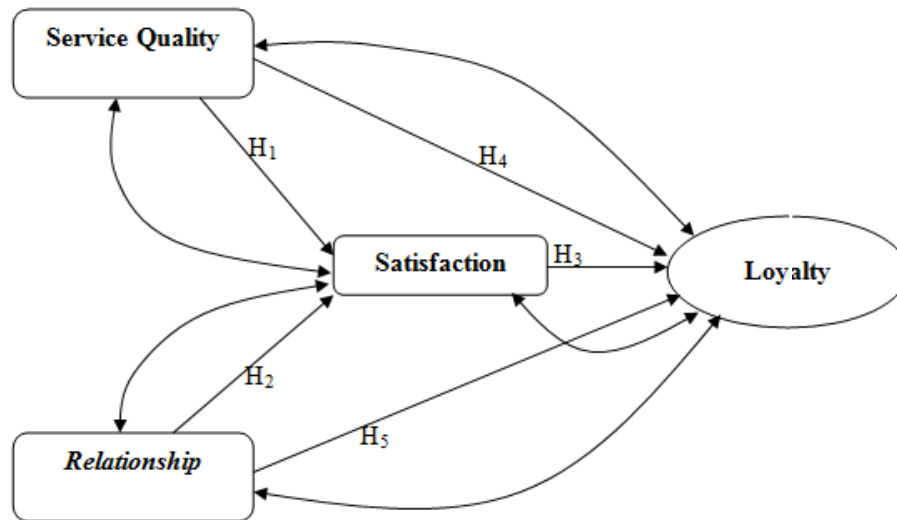


Figure 2. Framework

Source: Cronin & Taylor (1992), Taylor & Baker (1994)

2. RESEARCH METHOD

The type of this research is survey research conducted on the Bank Jateng Branch Surakarta. The population in this study were all customers of Bank Jateng Surakarta Branch numbering about 1000 customers and because of the large population then the number of samples based on the opinion Fraenkel and Wallen in Widayat (2004) states that the minimum sample size is 100 people, used in this study amounted to 100 people.

The type of data in this study is primary data that is data obtained directly from Bank Jateng Branch Surakarta that is about their perception of service quality variable that is reliability, responsiveness, assurance, tangibles, empathy and relationship. Data collection method in this research is questionnaire.

Variable and operational definition in this research are loyalty, customer satisfaction, quality of service, and relationship.

Loyalty is the loyalty of customers of Bank Jateng Surakarta Branch. Indicators: re-transactions, recommending / advising, conveying positive things, encouraging / influencing, considering

Customer Satisfaction is an emotional feeling or judgment from Bank Jateng Branch customers of Surakarta for the use of dance performances where their expectations and needs are met. The indicators are: Physical Facility Perception, Employee Ability, Ability to assist and quick response to problems faced by customers, Ability to provide a sense of security and comfort to the customer, able to give special attention that is personal to the customer

Quality of Service is the quality of service Bank Jateng Branch Surakarta received by the customer. This quality has dimensions: (1) Reliability is the ability of Bank Jateng Surakarta Branch to provide services in accordance with the promised, reliable, accurate and consistent. Indicators are: Procedure service to customers quickly and accurately, Management can provide services according to the provisions, Management can provide the same service to each customer. (2) Responsiveness is the willingness of Bank Jateng Branch Surakarta to assist customers and provide services quickly, and hear and address complaints / complaints from customers. The indicators are: customer's complaint response,

earnestness, responsiveness to the problem, able to respond to customer's wishes. (3) Assurance is a capability of Bank Jateng Branch of Surakarta to generate confidence and trust on its promises to customers. The indicators are: responsibility, ability in the field, good relationship, skill ability. (4) Tangibles, is the appearance of physical facilities of Bank Jateng Surakarta Branch such as equipment and various administrative materials. The indicators are: A comfortable and neat environment, goodness, supporting facilities, location. (5) Empathy is the willingness of Bank Jateng Branch of Surakarta to care more about giving personal attention to the customer. The indicators are: attention to customers, service right, pay attention and follow up.

Relationship is an effort to establish long-term relationships conducted by Bank Jateng Branch Surakarta with its customers. Indicators: Relationships with customers, relationships with stakeholders, relations with the Government.

The analysis technique used in this research is the test of research instrument in the form of validity test with one shot method method and reliability test is measured by using Cronbch's Alpha technique. Linearity test that will be done is by Lagrange Multiplivariate test and hypothesis testing with path analysis, t test, F test and coefficient of determination test. The regression equation model of path analysis in this study are:

$$Y_1 = \beta_1 X_1 + \beta_2 X_2 + \epsilon \quad \text{(equation 1)}$$

$$Y_2 = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \quad \text{(equation 2)}$$

where:

- $\beta_1, \beta_2, \beta_3$ = Coefficient of variable $X_1 \dots X_3$
- Y_2 = Loyalty
- X_1 = Quality of Service
- X_2 = Relationship
- X_3 / Y_1 = Customer Satisfaction
- ϵ = Standard error

3. RESULTS AND DISCUSSION

3.1 Results

3.1.1 Result Instrument Test and Linierity

The results of the research instrument and linearity test can be seen in the table below:

Table 1
Testing of Research Instruments and Linearity

Testing	Test	Tools	Variable	Status
Research Instrument	Validity	<i>One shot methods</i>	Service Quality	Valid
			Relationship	Valid
			Satisfaction	Valid
			Loyalty	Valid
Research Instrument	Reliability	<i>Cronbach Alpha</i>	Service Quality	Reliabel
			Relationship	Reliabel
			Satisfaction	Reliabel
			Loyalty	Reliabel
Feasibility Model	Linierity	<i>Lagrange Multiplivariat</i>	Service Quality, Relationship, Satisfaction, Loyalty	Linier Model

Sources: Data, 2011

Based on the above table note the results of the instrument test variables show all valid and reliable variables, while for the model feasibility test showed that the model in this study is linear.

3.1.2 Path Analysis

Table 2
Result of Path Analysis

Model	Variable	coefficient	t	Sig	Note
First	Service quality → Satisfaction	.282	3.093	.003	Significant
	Relationship → Satisfaction	.370	4.049	.000	Significant
Second	Service quality → Loyalty	.316	4.750	.000	Significant
	Relationship → Loyalty	.608	8.869	.000	Significant
	Satisfaction → Loyalty	.066	.940	.350	Not Significant

Sources: Data, 2011

The table above can be seen the results of the first equation shows the results of service quality and relationship significantly influence the significant value of each variable $\alpha = 0.05$. The result of the second equation shows that service quality and relationship variables significantly influence loyalty, while satisfaction has no significant effect on customer loyalty because it has significant value $\alpha = 0,05$.

3.1.3 The Influence of Direct, Indirect and Total Effect

Table 3
The Direct, Indirect and Total Effect

Variable	Path Analysis		Total Effect
	Direct Effect	Indirect Effect	
Service Quality → Loyalty	$P_1 = .316$		
Relationship → Loyalty	$P_2 = .608$		
Kualitas pelayanan → Kepuasan → Loyalitas		$= P_1 \times P_3 = .282 \times .066 = .018$	$= .316 + .018 = .334$
Relationship → Kepuasan → Loyalitas		$= P_2 \times P_3 = .370 \times .066 = .024$	$= .608 + .024 = .632$

Sources: Data, 2011

Based on the above table the results obtained that direct influence of service quality variable and relationship to loyalty more dominant compared with indirect influence of variable of service quality and relationship to loyalty through variable of satisfaction.

3.2 Discussion

3.2.1 The Influence of Service Quality Toward Loyalty

The use of intervening variable of customer satisfaction in order to increase loyalty for service quality variable shows ineffective. This means, to increase the loyalty of factors that cause high customer loyalty in terms of quality of service should get serious attention.

Therefore, efforts should be made to strengthen the quality of services by among others: enhancing the Bank's ability to deliver services as promised, reliable, accurate and consistent, increasing the willingness of the Bank to assist customers and provide services quickly, and hear and resolve complaints from customers, the Bank's ability to generate confidence and confidence in its promises to customers, improve the quality of the Bank's physical facilities such as equipment and administrative materials, comfortable and tidy environment, goodness, supporting facilities, the Bank's willingness to care more about giving personal attention to customers, service properly, pay attention and follow up

3.2.2 The Influence of Relationship Toward Loyalty

The use of intervening variable of customer satisfaction in order to increase loyalty for relationship variable shows ineffective. This means that to increase loyalty is necessary to

improve and improve relationship. There are several ways to improve relationships such as: improving relationships with customers, relationships with stakeholders.

4. CONCLUSIONS

Quality of service has a very important role in improving customer loyalty, therefore the factors that cause high employee loyalty through service quality should get serious attention. The improving of the Relationship model it will contribute greatly to increase customer loyalty. Therefore, the right relationship model will increase the competitiveness of the company in obtaining customer loyalty

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