

# The Effect of Service Quality toward Satisfaction, Trust and Loyalty in Bank Jabar Banten Bogor Branch

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**Abstract:** Bank as financial intermediary sees the importance to give services in attempt to fulfill customer satisfaction, successful services felt when they can exceeds what customer wants. Service quality include five dimensions such as: Reliability, responsiveness, assurance, empathy and tangible. All five dimensions are the important things that affect satisfaction and in the end will create trust and loyalty for customers. The purpose of this study are: 1) measuring the overall satisfaction index that given by bank BJB Bogor branch; 2) to analyze the impact of satisfaction toward loyalty; 3) to analyze the impact of satisfaction toward trust; 4) to analyze the impact of trust toward loyalty. This research used descriptive approach. The data were gathered using survey method on 170 respondents with a category of Bank BJB customers that already have one year saving and age over 17 years. The data were analyzed with Structure Equation Model (SEM) analysis using Lisrel program. The related variables are service quality, satisfaction, trust, and loyalty. Result of this study were 71.76 percent customers were not satisfied with the services that given by BJB Bogor branch, satisfaction didn't have direct effect on loyalty, but through trust first, satisfaction directly affect trust and lastly trust affect significantly toward loyalty.

**Keywords:** Loyalty, satisfaction, SEM, service quality, trust

## 1. Introduction

Bank as financial intermediary sees the importance to give services in attempt to fulfill customer satisfaction, successful services felt when they can exceeds what customer wants. All five dimensions are the important things that affect satisfaction and in the end will create trust and loyalty for customers. Tight competition nowadays in banking industry force the banks to anticipate changes that happened in banking business circles with products innovation and attractive new services to give maximum satisfaction for customer benefits.

Good services include five things as such: reliability, responsiveness, assurance, empathy, and tangible. That five dimensions were quality that affecting satisfaction and in the will create trust and customer loyalty. According to El Junusi (2009) that strengthen with Junaedi et al (2012) said service quality would give satisfaction and loyalty. Akbar and Parvez (2009) also said the other attribute that affect loyalty beside satisfaction is customer trust. Also Morgan and Hunt (1994) said the higher the level of trust will affect the customer to be loyal.

One of the biggest bank in Indonesia is bank Jabar Banten (BJB). It was established in 1961 and owned, by majority of shares, West Java provincial government. All of the local allocation trusted to bank BJB including salary of the civil servant in West Java. Next, products from BJB include two activities which is, funding and lending.

Service quality had tight connection with customer satisfaction and for that needs maximum service to create satisfaction, trust, and loyalty in the end. Quality services can make customers satisfied and willing to continue the transaction with banking industry and allowing to do more than that (Allred and Adams 2000).

According to overall complaint data that summarized by BJB in 2013 to 2016 there was an increasing complaints related with the service that given by BJB, the increasing complaints for four years show us bank BJB still haven't give optimal services for its customers.

From the overall increasing complaints that happened in bank BJB, there was also increasing complaints from one of the bank BJB branches in Bogor, but the data was only a year behind, in 2015 to 2016. This complaints show us dissatisfaction about the service given by bank BJB Bogor branch. The complaints told us there was a gap between what customer wants and the fact that obtained. All that complaints responded positively with a hope customers would be satisfied and in the end became trustful and loyal.

Based on the problem formulation, the study objectives are as follows:

- The first objective is to measure the overall level of satisfaction based on the services that given by bank BJB Bogor branch.
- The second objective is to analyze the impact of satisfaction toward loyalty.
- The third objective is to analyze the impact of satisfaction toward trust.

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## 2. Data

The primary data used by respondents selected criteria is that customers of bank BJB Bogor branch, had saving account more than a year, and over 17 years old. The numbers of potential customers sample were 170 peoples. The primary data was taken from November 2016 until December 2016.

## 3. Methodology

The research approach used in this research is descriptive quantitative research methods. According Nawawi(2003) descriptive method of research methods that focus on the problems or phenomena that are current at the time the research is done, then describe the facts of the matter being investigated as it is accompanied by a rational and accurate interpretation.

This research will describe the facts and explain the circumstances of the research object based on the facts and explain the circumstances of the research object based on the facts that exist and try to analyze the truth based on the data obtained, the purpose of the approach of this study were to: (1) analyzing variable is the cause or the effect of variable (independent variable) and the variables that become due or variable affected, (2) determine the relationship or interest between these variables, this study specifically tested characteristics independent variable.

Data were collected by interview and assisted with questionnaire instrument. The interviewed done by providing a list of questions in it covered all the questions which, if answered or filled will be obtained data relevant to the likert scale 1-5 given to bank BJB Bogor branch customers. The data were analyzed with Structural Equation Modelling (SEM) analysis using Lisrel 8.8 program. Lisrel program was an analysis of multiple variable that used to describing the relationship of linear relations simultaneously, both exogenous and endogenous variables (Suharjo&Suwarno 2002).

## 4. Results

Reliability test is needed to measure the level of reliability of the questionnaire, each constructs used in this study using Cronbach's alpha. Reliability test in this study were analyzed using SPSS software PLS with and declared to see the value of Cronbach Alpha ( $\alpha$ ). A variable is said to be reliable if it gives Cronbach Alpha values  $> 0.6$  (Sekaran 2003). Reliability test results can be seen that each variable has a Cronbach alpha  $> 0.60$ . So this shows that each question items that describe parking lot, banking hall, teller services, and customer service services used in this study are reliable.

The results are shown from each variable from Top Two Boxes (TTB) which is: 1) Parking lot, the highest score with 648 is the hospitality from security officer and the lowest score with 581 is the lack of parking signs, 2) Banking hall, the highest score with 682 is cleanliness of the room and the

lowest score with 497 is availability of newspaper and magazine, 3) Customer service, the highest score with 669 is willingness to help from the officer and the lowest score with 642 is quickness of the officer, 4) teller officer, the highest score with 679 is extensive knowledge from the officer and the lowest score with 637 is transaction quickness, 5) satisfaction, the overall satisfaction shown with the score 634 and percentage of 71.76 %, it is said that customer from bank BJB are not satisfied enough with the services that given, 6) Trust, the highest score with 659 is believe that bank BJB give the best services to the customer and the lowest score with 649 is customer think the products were advantageous, 7) Loyalty, the highest score with 649 is willing to recommend to others and the lowest score with 646 is willing to keep using bank BJB services.

### 4.1 SEM Model Analysis (Initial Measurement and after Respecification)

Criteria of measurement fit model measured with variable validity indicators against its latent variables. The variable indicator is said to be valid if they have standardized loading factor (SLF) more than the limit of the loading factor that can be tolerate  $\geq 0.50$  (Igbaria et al 1997) and got t-value more than 1.96 (Wijanto 2008).

Based on the loading factor and t-value results shows the initial SEM model was not good enough, therefore some of not valid modelerased and not included in the next model. Respecifiacion results made nine indicators taken out from the model, which is four indicators came from tangible variable, two from empathy variables, one from assurance variable, and lastly two from reliability variables (Table 1).

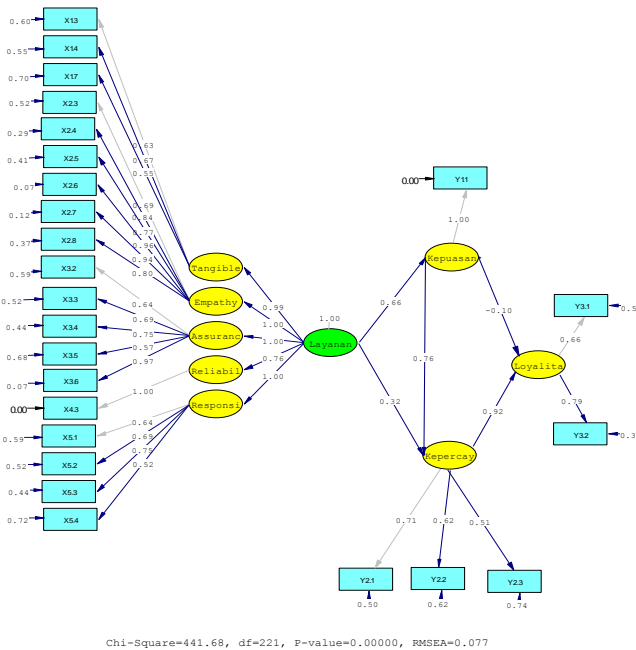
**Table 1:** Loading factor result of the indicators on SEM model

Latent Variable – Indicator	Before elimination		After elimination	
	Loading Factor	T-value	Loading Factor	T-value
<b>Tangible</b>				
X1.1	0.24	-	-	-
X1.2	0.12	1.79	-	-
X1.3	0.66	3.31	0.63	-
X1.4	0.73	3.32	0.67	7.72
X1.5	0.28	2.58	-	-
X1.6	0.05	0.70	-	-
X1.7	0.66	3.29	0.55	6.46
<b>Empathy</b>				
X2.1	0.38	-	-	-
X2.2	0.26	5.29	-	-
X2.3	0.69	4.97	0.69	-
X2.4	0.87	5.28	0.84	10.54
X2.5	0.78	5.38	0.77	9.68
X2.6	0.95	5.37	0.96	11.31
X2.7	0.92	5.34	0.94	11.65
X2.8	0.79	5.16	0.8	9.97
<b>Assurance</b>				
X3.1	0.31	-	-	-
X3.2	0.63	4.08	0.64	-
X3.3	0.72	4.20	0.69	8.04
X3.4	0.76	4.25	0.75	8.60
X3.5	0.65	4.11	0.57	6.80
X3.6	0.95	4.38	0.97	10.42

Reliability					
X4.1	0.37	-	-	-	-
X4.2	0.38	6.58	-	-	-
X4.3	0.83	4.63	1	-	-
Responsiveness					
X5.1	0.77	-	0.64	-	-
X5.2	0.76	9.73	0.69	9.34	-
X5.3	0.88	9.91	0.75	8.57	-
X5.4	0.61	8.01	0.52	7.30	-
Satisfaction					
Y1.1	1	-	1	-	-
Trust					
Y2.1	0.88	-	0.71	-	-
Y2.2	0.78	12.31	0.62	9.37	-
Y2.3	0.6	8.49	0.51	6.59	-
Loyalty					
Y3.1	0.7	-	0.66	-	-
Y3.2	0.8	9.46	0.79	7.87	-
Service					
Tangible	0.94	3.34	0.99	9.00	-
Empathy	1	5.21	1	10.26	-
Assurance	1	4.29	1	9.23	-
Reliability	0.91	4.57	0.76	11.74	-
Responsiveness	0.88	10.12	1	9.20	-

#### 4.2 Measurement Model Fit

Measurement model fit measure based on variable validity indicators against its latent variable. The connection between variable indicators toward its latent variable are as big as the value of its loading factor toward its forming variable (Figure 1).



**Figure 1:** Overall SEM Measurement Results

T-test results explained all of the exogenous and endogenous variable indicators had bigger t-value than 1.96, so they all had significant connection to each latent variables which means all of the variable indicators capable to reflecting each latent variables dimension itself. T-test results can be used for hypothesis testing.

#### 4.3 Hypothesis testing

Hypothesis testing can be done to see the connection between the each variables. The connection between services variable with satisfaction had 9.68 t-value  $\geq 1.96$  result which means service had significant effect toward satisfaction variable. This result shows exactly the same thing that Ribbink (2004) and Belas (2016) said that service quality had positive impact toward customer satisfaction. This indicate the higher the quality served, so more satisfied the customers can become. Estimation results of SEM model that explained causal connection between each variable with others will shows in Table 2.

Table 2. Results of hypothesis testing on the attributes of the Service quality, satisfaction, trust, and loyalty.

Causality relations (Direct influence)	Coefficient	T-count	Conclusion
Service $\rightarrow$ Satisfaction	0.66	9.68	Significant
Service $\rightarrow$ Trust	0.32	3.70	Significant
Satisfaction $\rightarrow$ Trust	0.76	8.42	Significant
Satisfaction $\rightarrow$ Loyalty	-0.10	0.38	Not Significant
Trust $\rightarrow$ Loyalty	0.92	3.21	Significant
Service $\rightarrow$ Satisfaction $\rightarrow$ Trust	0.50	6.37	Significant
Satisfaction $\rightarrow$ Trust $\rightarrow$ Loyalty	1.18	4.95	Significant

Note: if  $t > 1.96$  so significant and if  $t \leq 1.96$  then it is not significant

#### 5. Conclusions

Conclusions in this research are as follows: satisfaction index with the percentage 71.76 percent proved the customers were unsatisfied with the services that given by bank BJB Bogor branch, secondly the impact of satisfaction toward loyalty has a negative results and didn't affect directly to loyalty but through trust first, thirdly satisfaction did have significant impact toward trust, and lastly trust gave a significant impact toward loyalty.

#### 6. Managerial Implications

Based on the research that have been conducted it also answered the problem of this research about the factors that affect satisfaction, trust, and customer loyalty. Customer satisfaction affected by service quality. Service quality reflected with five dimensions literally such as: tangible, empathy, assurance, reliability, and responsiveness. From this research results we can conclude each dimensions that needs to be boost in the future are:

- 1) The tangible indicators that needs to fix for the future are the availability of newspaper and magazine and also television, therefore bank BJB needs to provide them sothe customers don't get bored when waiting transaction queue.
- 2) The empathy indicator that needs to fix for the future is help from parking officer that lacks from the parking officer. Parking officer needs to give more attention to the customers to make them feel more satisfied.
- 3) The assurance indicator that needs to fix is the parking lot safety, therefore security officer needs to watch more often who is the person that got importance in bank BJB and who is doesn't have importance in bank BJB.

- 4) The reliability indicator that needs to fix is queue waiting time, therefore in the future bank BJB needs to add another teller employee to make the queue more efficient.
- 5) The reliability indicator that needs to fix is the quickness of services transaction for the customers, suggestion for this matter is to make training for the employees to give better service in the future.

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