



The Development Model of Customer Loyalty Through Service Quality and Customer Satisfaction (Study on Regular ULaMM Customers of PT. Permodalan Nasional Madani, Palembang Branch Office)

Darmawan Darmawan^{1*}, Agus Salim²

¹ Asia Banking, Finance and Informatics Institute Perbanas, Jakarta, Indonesia, darmawan.lim19@gmail.com

² Asia Banking, Finance and Informatics Institute Perbanas, Jakarta, Indonesia, agussalimperbanas1962@gmail.com

*Correspondent Author: Darmawan Darmawan

Abstract: The aims of this study was to analyze the effect of service quality on loyalty through regular ULaMM customer satisfaction at PT. Permodalan Nasional Madani, Palembang Branch Office. The research method is a quantitative method with survey techniques, involving distributing questionnaires through an online platform to collect data from a sample of 115 respondents. The statistical test used in this study is the SmartPLS-based Structural Equation Modeling (SEM) analysis. The results showed that there was an effect of service quality on loyalty through customer satisfaction and customer satisfaction could mediate the effect of service quality on loyalty. The better the service quality, the higher the customer loyalty.

Keyword: Customer Loyalty, Service Quality, Customer Satisfaction

INTRODUCTION

In Indonesia, formal non-bank institutions are more in demand by MSEs to help with business capital due to their more flexible nature in the form of requirements, amounts and disbursements that are more flexible. PT. Permodalan Nasional Mandiri (PNM) is a formal non-bank institution established under Republic of Indonesia Government Regulation No. 38 of 1999 dated May 25, 1999 concerning Capital Participation of the Republic of Indonesia for the Establishment of a Company (Persero) for the Development of Cooperatives, Small and Medium Enterprises. The company has been running a commercial business since 1999 based on PP No. 38 of 1999. In 2008. PT. PNM has various product features such as the Micro Capital Service Unit (ULaMM), which is a product designed in addition to providing financial capital, it is also intended to provide business management services to MSMEs in the form of business assistance so that MSMEs can upgrade.

This study uses a case study of ULaMM Regular at the PT. Permodalan Nasional Madani, Palembang Branch Office chosen as the research object because in quantity the number of problem customers is relatively large, as shown in the following table:

Table 1. Number of Regular ULaMM Customers, Number of Paid Off Customers and Number of Top Up Customers for Each Unit of PT. Permodalan Nasional Madani, Palembang Branch Office for 2020-2022

No.	Unit Name	Number of Customers ULaMM Regular (NOA)			Number of Customers The Paid (NOA)			Number of Customers Top Up (NOA)		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
1	Sako	155	152	150	43	40	40	15	11	9
2	Kuto	167	165	161	34	32	30	7	6	5
3	Sukajadi	148	142	140	37	33	31	5	5	5
4	Sungaililin	160	158	155	39	35	33	5	4	4
5	Pangkalan Balai	180	176	173	35	33	32	8	7	7
6	Belitang	128	125	124	24	23	20	23	21	19
7	Prabumulih	184	182	180	44	41	40	10	10	10
8	Lahat	132	129	126	32	29	29	10	10	10
Total		1254	1229	1209	288	266	255	83	74	69

Source: PT. Permodalan Nasional Madani, Palembang Branch Office (2023)

The table above shows that the number of Regular ULaMM customers, the number of customers who have paid off and the number of customers who top up from 2020 to 2022 has decreased every year in almost every unit at PT. Permodalan Nasional Madani, Palembang Branch Office. This phenomenon is from lack of customer loyalty or other factors. If the problem is from a lack of customer loyalty, then this problem needs to be looked for which factors are the cause.

Many factors influence customer or customer loyalty, including: service quality, consumer satisfaction, prices/tariffs, and habits (Puti, 2018). Then according to Swastha & Handoko (in Kuncoro, 2018) customer loyalty is influenced by product quality, service quality, emotion, price and cost. Based on the theory, it shows that the factor causing the lack of loyalty of Regular ULaMM customers is PT. Permodalan Nasional Madani, Palembang Branch Office is allegedly influenced by service quality and customer satisfaction factors. Therefore, researchers will conduct further studies on these two factors.

The first factor affecting customer loyalty is service quality. Service quality can be expressed as a comparison between the service that consumers expect and the service they receive, while perceived quality is defined as the consumer's assessment of the overall perceived superiority of service quality which is a global consideration related to the superiority of service (Parasuraman et al. in Tjiptono, 2018b) . Besides the theory as stated above, there are also several research results showing that partially service quality has a positive effect on customer loyalty (Zulkarnain et al., 2020; Syafira, 2018; Zakiy & Azzahrroh, 2017). However, there are also several different research results, that service quality has no effect on customer loyalty (Salim, 2018; Fitrajaya & Nurmahdi, 2019; Taufik et.al., 2022; Hakim, 2021; and Destiyanti, 2018).

The second factor that influences customer loyalty is customer or customer satisfaction. According to Sangadji & Sopiah (2018) explains that satisfaction or dissatisfaction is a person's feeling of pleasure or disappointment that comes from a comparison between his impression of the real or actual product or service performance with the expected product or service performance. Furthermore, Sangadji & Sopiah (2018), argued that consumer satisfaction can create a good basis for repeat purchases and create consumer loyalty, forming word of mouth recommendations that can benefit the company. Besides the theory as stated earlier, there are also several research results showing that partially customer satisfaction has

a positive effect on customer loyalty (Salim et al., 2017; Sembiring, et al., 2022; Zulkarnain & Ramdanyah, 2020; Syafira, 2018). However, there are also several different research results, that customer/customer satisfaction has no effect on customer/customer loyalty (Ronasih & Widhiastuti, 2021; Zakiy & Azzahrorh, 2017).

Besides the two factors mentioned above which are directly related to customer loyalty, in this study there is also a direct relationship between service quality and customer satisfaction. There are several research results showing that service quality can directly increase customer/customer satisfaction (Salim, 2018; Sembiring, et al., 2022; Zulkarnain & Ramdanyah, 2020; Syafira, 2018; Ismail, 2016; Hakim, 2021). However, there are also different research results, that service quality has a negative and insignificant effect on customer satisfaction (Budiarso, et al., 2022).

The study aims to analyze whether customer satisfaction can mediate the effect of service quality significantly on ULaMM Regular customer loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office

LITERATURE REVIEW

Customer Loyalty

Customer loyalty is a condition in which customers or consumers regularly or regularly make purchases at a business. This understanding is in line with the understanding according to Kotler (2017), customer loyalty is a repeat purchase made by a customer because of a commitment to a brand or company. Loyalty is also a routine purchase behavior (Griffin, 2017), customer commitment to continue buying (Hurriyati, 2019), and consistent purchases by customers (Tjiptono, 2018a).

Yazid (2019) states that there are two main perspectives regarding brand loyalty, namely brand loyalty as a behavior (behavioral perspective) and brand loyalty as an attitude. While Griffin (2017) suggests that there are four characteristics regarding loyalty, namely: making regular repeat purchases, buying between product and service lines, referring others, and showing immunity to the pull of competitors.

Furthermore, Jeremia & Djurwati (2019) customer loyalty is a result obtained from customer satisfaction with a product or service, this loyalty has a positive impact on companies such as loyal customers making repeated purchases of company products. Tjiptono (in Robby, 2017) explains that the indicators of consumer loyalty are as follows: (1) Making repeat purchases is the intention to buy that consumers make more than one purchase; (2) Recommending to other parties is suggesting or recommending to other people regarding the product he purchased; (3) Not intending to move, are consumers who are loyal to the product or brand they like and are reluctant to switch brands; and (4) Talking about positive things is talking about positive things about the product purchased.

Based on the above conception, it can be concluded that loyalty is a person's loyalty to a product, both certain goods and services.

Customer Satisfaction

Kotler & Keller (in Priansa, 2017) state that consumer satisfaction is a person's feeling of pleasure or disappointment that arises after comparing the expected product performance (outcome) to the expected performance or result. Consumer satisfaction is also interpreted as an effort to fulfill something or make something adequate, an effort to fulfill something or make something adequate (Tjiptono, 2018a), a cognitive buying situation with respect to the equivalence or disproportion between the results obtained compared to the sacrifices made (Howard & Sheth in Tjiptono, 2018b), the reasons where consumers decide to shop at a place the reasons where consumers decide to shop at a place (Sunyoto, 2017), create a good basis for repeat purchases and create consumer loyalty, form word of mouth recommendations that can benefit the company (Sangaji & Sopiah, 2018).

According to Priansa (2017) five elements related to consumer satisfaction, namely: expectations, performance, comparison, experience, and confirmation and disconfirmation. Furthermore, Kotler & Keller (in Priansa, 2017) put forward four methods for measuring consumer satisfaction, namely: (1) Periodic surveys; (2) Ghost shopping (shadow buyers); (3) Lost customer analysis (disappearance of lost customers); and (4) Consumer satisfaction survey. Another opinion was expressed by Rondonuwu & Komalig (in Setyo, 2017) that indicators of customer satisfaction are: (1) Fulfillment of consumer expectations; (2) Attitude or desire to use the product; (3) Recommend to other parties; (4) Service quality; (5) loyal; (6) Good reputation; and (7) Location.

Based on the above conception, it can be concluded that customer satisfaction is a customer's feeling of pleasure or disappointment after comparing performance (results) with what the customer expects.

Service Quality

Juran in Tjiptono (2018a) states that quality is fitness for use. This definition emphasizes the orientation on meeting customer expectations. In relation to service, service quality is defined as a comparison between the service that consumers expect and the service they receive, while perceived quality is defined as the consumer's assessment of the overall superiority of the product, and perceived service quality is a global consideration related to the superiority of service (Parasuraman et al. , in Tjiptono, 2018b).

Regarding the problem of service quality, basically service quality is an abstract and difficult concept to understand (Tjiptono, 2018a). This is because there are four unique characteristics of services that distinguish them from goods, namely intangibility, production and consumption are not separated, the output is not standardized and cannot be stored. Service quality must start from consumer needs and end with consumer perceptions. Consumer perception of service quality itself is a consumer's overall assessment of the superiority of a service. (Kotler, 2017).

Assessment of the quality of a service is very complex. Parasuraman, et. al. (2017) put forward five dimensions in determining service quality, namely: (1) Reliability, namely the ability to provide services in accordance with the promises offered; (2) Responsiveness, namely the response or alertness of employees in helping customers and providing fast and responsive services; (3) Assurance (guarantee), includes employees' ability to know products/services appropriately, quality of hospitality, attention and courtesy in providing services, skills in providing information, ability to provide security in utilizing the services offered and ability to instill trust customers to the company; (4) Empathy, namely individual attention given by the company to customers such as the ease of contacting the company, the ability of employees to communicate with customers and the company's efforts to understand the wants and needs of its customers; and (5) Tangibles (direct evidence), namely the physical appearance of the building and front office space, availability of parking space, cleanliness, tidiness and comfort of the room, completeness of communication equipment and employee appearance.

Based on the above conception, it can be concluded that service quality is the ability of a company to meet consumer expectations by providing services to consumers during and after the transaction takes place.

Service quality is very important for companies, with good service quality in a company will create satisfaction for its customers. After consumers are satisfied with the product or service they receive, consumers will compare the services provided. If consumers feel completely satisfied, they will repurchase and provide recommendations to others to buy at the same place. Therefore, companies must start thinking about the importance of more mature customer service through service quality because now it is increasingly recognized

that service (customer satisfaction) is a vital aspect in order to survive in business and win the competition (Tjiptono, 2018a).

According to research results of Zulkarnain, et al. (2020) say that service quality has a positive and significant effect on customer satisfaction. According to Syafira (2018) from the results of his research, it shows that service quality has a positive and significant effect on customer satisfaction. Zakiy & Azzahrorh (2017) from the results of their research, shows that service quality has a positive and significant effect on customer satisfaction. Ismail (2016) from the results of his research, shows that service quality has a positive and significant effect on customer satisfaction.

Based on some of the empirical research results above, the research hypothesis is as follows:

H1 : The higher the service quality, the higher the customer satisfaction.

Customer satisfaction contributes to a number of crucial aspects such as creating customer loyalty, increasing company reputation, reducing price elasticity, reducing future transaction costs, and increasing employee efficiency and productivity. (Anderson, 1998). Consumer satisfaction is one of the main elements in efforts to retain existing customers or to attract new customers.

Satisfaction is often seen as the basis for the emergence of loyalty. Satisfaction turns out to have a positive and significant influence on loyalty, a bank customer will feel satisfied after making transactions through a bank and will generate a desire to use the service in the future (Bloemer et al., 1999).

The results research of Kurniasari & Ernawati (2012) show that the variables of customer satisfaction, trust, and price have a significant influence on customer loyalty variables. The results research of Ronasih & Widhiastuti (2021) say that consumer satisfaction has a positive and significant effect on consumer loyalty. Zulkarnain et al. (2020) in his research results proves that customer satisfaction has a positive and significant effect on customer loyalty. Then, Magdalena (2018) in her research results said that customer satisfaction has a positive effect on customer loyalty. Syafira (2018) from the results of his research, shows that service quality has a positive and significant effect on customer satisfaction. According to Zakiy & Azzahrorh (2017), the results of their research show that customer satisfaction has a positive and significant effect on customer loyalty.

Based on some of the empirical research results above, the research hypothesis is as follows:

H2 : The higher the customer satisfaction, the higher the customer loyalty

Good service quality within the company can affect customer satisfaction and have an impact on increasing customer loyalty. Service quality of a company that is done well will lead to feelings of satisfaction because customers feel they have been served well. With good service quality, customer loyalty or loyalty will be formed. This can encourage customers to have the desire to use the service again and have the desire to recommend it to others.

Based on research of Familiar et al. (2013) states that service quality has a positive and significant effect on customer loyalty. These results are supported by research conducted by Amryyanti, et al (2013) which also concluded that there is a significant and positive relationship between service quality and customer loyalty. Good service quality within a company can affect customer satisfaction and have an impact on increasing customer loyalty. Service quality of a company that is done well will lead to feelings of satisfaction because customers feel they have been served well. With good service quality, customer loyalty or loyalty will be formed. This can encourage customers to have the desire to use the service again and have the desire to recommend it to others.

According to research conducted by Hakim (2021), the results of his research show that service quality has a positive and significant effect on customer loyalty. Zulkarnain et al (2020), from the results of his research, shows that service quality has a positive and significant effect on customer loyalty. Syafira (2018) from the results of his research, shows that service quality has a positive and significant effect on customer loyalty. Then Zakiy & Azzahrorh (2017) from the results of their research, shows that service quality has a positive and significant effect on customer loyalty.

Based on some of the empirical research results above, the research hypothesis is as follows:

H3 : The higher the service quality, the higher customer loyalty

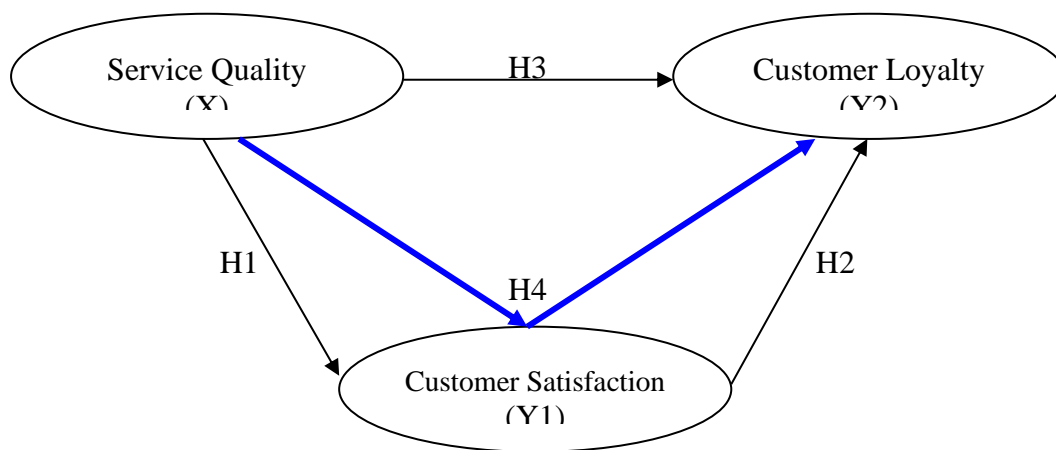
Some research results show that customer/customer satisfaction is able to mediate the relationship between service quality and customer/customer loyalty. According to Syafira (2018), the results of his research show that customer satisfaction is able to mediate the relationship between service quality and customer loyalty. Then, Zakiy and & Azzahrorh (2017) from the results of their research stated that customer satisfaction is able to mediate the relationship between service quality and customer loyalty.

Based on the results of the two empirical studies above, the research hypothesis is as follows:

H4 : The higher the customer satisfaction in mediating from the service quality, the higher the customer loyalty

The theoretical framework is the basis for the deductive research we use. It contains logic that is built, explained and elaborated on the relationship between variables that are considered relevant to answering research problems (Ghozali, 2016).

Model framework thinking as follows:



Source: Syafira, Ulfa (2018), Zakiy, Muhammad & Azzahrorh, Evitra P. (2017).

Figure 1. Research Model

METHODOLOGY

This study uses a quantitative methodology which involves examining the relationship between variables to test several objective theories (Kusumastuti, Khoiron, & Achmadi, 2020). This approach is used to investigate predetermined hypotheses by analyzing populations and samples.

The aim is to identify patterns of influence or relationships between variables on a particular subject, in particular to explore the effect of the independent variables on the dependent variable. The research was conducted at the PT. Permodalan Nasional Madani,

Palembang Branch Office, with a duration of one month for data collection and two months for data processing.

Sugiyono (2017) defines the population as a generalized area consisting of objects/subjects that have certain qualities and characteristics determined by the researcher to be studied and then drawn conclusions. While the sample is part of the number and characteristics possessed by the population (Sugiyono, 2017). In this study, the population is all Regular ULaMM product customers who have top up at least twice at PT. Permodalan Nasional Madani, Palembang Branch Office, totaling 115 customers. Researchers distributed questionnaires to 115 customers, and received responses from all of them. The collected data is then processed by the researcher based on the responses given by the respondents.

The research method used in this research is survey research using a questionnaire as the main instrument. This research targets Regular ULaMM product customers who have top up at least twice. To answer research problems and test hypotheses, researchers used data analysis techniques as suggested by Sugiyono (2017). Smart PLS software is used for data management in this study. According to Ghazali (2016), PLS is an alternative approach that shifts from the covariant-based Structural Equation Modeling (SEM) approach to variant-based. SEM which is based on covariance generally tests causality/theory while PLS is more of a predictive model. PLS is a powerful analysis method, it does not have to meet the requirements of the assumption of normality of the data and the sample size does not have to be large. PLS does not impose minimum sample size requirements, making it feasible for small sample studies (Husein, 2015).

RESEARCH RESULT

Outer Model Analysis Results (Model Measurement)

Outer Model analysis was carried out through a construct validity test consisting of (1) convergent validity test, and (2) discriminant test. The results of the convergent validity test using the factor loading score and the AVE value show that all indicators are stated to be able to be used to represent the latent variables built by each indicator. Furthermore, the results of the discriminant test using the Fornell-Larcker Criterion analysis show that the discriminant validity requirements of the model using the Fornell-Larcker Criteria are met.

Results of Structural Model Analysis

The results of the structural model analysis consisting of the analysis of the Determinant Coefficient (R-Square), Analysis of Direct Effects, and Analysis of Indirect (Mediation) Effects. The R-Square value for the variable Customer Satisfaction (Y1) is 0.867 (greater than 0.75) which indicates that the model used is included in the substantial category. Thus the variable Customer Satisfaction (Y1) can be explained by the variable Service Quality (X) in the model of 86.7% which is included in the substantial (strong) category. Furthermore, the R-Square value for the Customer Loyalty variable (Y2) is 0.811 (greater than 0.75) which indicates that the model used is included in the substantial category. Thus the variable Customer Loyalty can be explained by the variable Service Quality (X) and Customer Satisfaction (Y1) in a model of 81.1% which is included in the substantial (strong) category. From the results of the Coefficient of Determination test, it can be seen that the model formed is robust.

The next analysis is the analysis of Direct Influence Analysis. The results of the analysis of direct influence testing based on the previously designed research model are as follows:

Table 2. Results of Direct Influence Analysis

<i>Path</i>	<i>Original Sample (Path)</i>	<i>T-Statistics</i>	<i>P-Values</i>	<i>Decision</i>
KP -> KN	0,789	12,181	0,000	Positive
KP -> LN	0,896	58,317	0,000	Positive
LN -> KN	0,159	2,372	0,018	Positive

Description: KP (Quality of Service); KN (Customer Satisfaction); and LN (Customer Loyalty)

The table above shows that the overall path coefficient generated is positive. That is, the relationship between exogenous latent variables and endogenous latent variables is positive (unidirectional) and acceptable. The highest path coefficient value is shown by the relationship between Service Quality (X) and Customer Satisfaction (Y1) with a path coefficient value of 0.896. The lowest path coefficient value is shown by the direct relationship between Customer Satisfaction (Y1) and Customer Loyalty (Y2) of 0.159.

The next analysis is the analysis of indirect effects based on the previously designed research model as follows:

Table 3. Results of Indirect Influence Analysis

<i>Path</i>	<i>Original Sample (Path)</i>	<i>T-Statistics</i>	<i>P-Values</i>	<i>Decision</i>
KP -> LN -> KN	0,142	2,350	0,019	Positive

The results of the indirect analysis show that the indirect path shows a positive relationship. That is, the relationship between exogenous latent variables and endogenous latent variables is positive (unidirectional).

DISCUSSION

Service Quality has a significant effect on Regular ULaMM Customer Satisfaction at PT. Permodalan Nasional Madani, Palembang Branch Office

Service Quality has a significant effect on Regular ULaMM Customer Satisfaction at PT. Permodalan Nasional Madani, Palembang Branch Office obtained a t-count value of 12.181 with a p-value of 0.000. The p-value is lower than the significant level of 0.05 which illustrates that there is a positive and significant effect of Service Quality on Customer Satisfaction.

The test results using the SmartPLS software show that the higher the service quality, the higher ULaMM Regular customer satisfaction at PT. Permodalan Nasional Madani, Palembang Branch Office. This result is in line with a number of studies that have been conducted by previous researchers which concluded that there is an effect of service quality on customer satisfaction. (Zulkarnain, et al. 2020; Syafira, 2018; Zakiy & Azzahrorh, 2017; and Ismail, 2016).

The results of these tests indicate that service quality is very important for companies, with good service quality in a company will create satisfaction for its customers. After consumers are satisfied with the product or service they receive, consumers will compare the services provided. If consumers feel completely satisfied, they will repurchase and provide recommendations to others to buy at the same place. Therefore, companies must start thinking about the importance of more mature customer service through service quality because now it is increasingly recognized that service (customer satisfaction) is a vital aspect in order to survive in business and win the competition (Tjiptono, 2018).

Based on these results, it can be concluded that the higher the service quality, the higher ULaMM Regular customer satisfaction at PT. Permodalan Nasional Madani, Palembang Branch Office.

Customer Satisfaction has a significant effect on Regular ULaMM Customer Loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office

Customer Satisfaction has a significant effect on Regular ULaMM Customer Loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office obtained a t-value of 2.372 with a p-value of 0.018. The p-value is lower than the significant level of 0.05 which illustrates that there is a positive and significant influence of customer satisfaction on customer loyalty.

The test results using the SmartPLS software show that the higher the customer satisfaction, the higher the ULaMM Regular customer loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office. This result is in line with a number of studies that have been conducted by previous researchers which concluded that there is an effect of customer satisfaction on customer loyalty. (Ronasih & Widhiastuti, 2021; Zulkarnain et al., 2020; Magdalena, 2018; Syafira, 2018; and Zakiy & Azzahrorh, 2017).

The results of these tests indicate that customer satisfaction contributes to a number of crucial aspects such as creating customer loyalty, increasing company reputation, reducing price elasticity, reducing future transaction costs, and increasing employee efficiency and productivity. (Anderson, 1998). Customer satisfaction is one of the main elements in efforts to retain existing customers or to attract new customers.

Satisfaction is often seen as the basis for the emergence of loyalty. Satisfaction turns out to have a positive and significant influence on loyalty, a bank customer will feel satisfied after making transactions through a bank and will generate a desire to use the service in the future (Bloemer et al., 1999).

Based on these results, it can be concluded that the higher the customer satisfaction, the higher the ULaMM Regular customer loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office.

Service Quality has a significant effect on Regular ULaMM Customer Loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office

Service Quality has a significant effect on Regular ULaMM Customer Loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office obtained a t-count value of 58.317 with a p-value of 0.000. The p-value is lower than the significant level of 0.05 which illustrates that there is a positive and significant influence of customer satisfaction on customer loyalty.

The test results using the SmartPLS software show that the higher the service quality, the higher the ULaMM Regular customer loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office. This result is in line with a number of studies that have been conducted by previous researchers which concluded that there is an effect of service quality on customer loyalty. (Hakim, 2021; Zulkarnain et al., 2020; Syafira, 2018; and Zakiy & Azzahrorh, 2017).

The results of these tests indicate that good service quality within the company can affect customer satisfaction and have an impact on increasing customer loyalty. Service quality of a company that is done well will lead to feelings of satisfaction because customers feel they have been served well. With good service quality, customer loyalty or loyalty will be formed. This can encourage customers to have the desire to use the service again and have the desire to recommend it to others.

Based on Familiar et al. (2013) research states that service quality has a positive and significant effect on customer loyalty. These results are supported by research conducted by Amryyanti, et al. (2013) which also concluded that there is a significant and positive relationship between service quality and customer loyalty.

Based on these results, it can be concluded that the higher the service quality, the higher the ULaMM Regular customer loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office.

Service Quality has a significant effect on Regular ULaMM Customer Loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office

Customer Satisfaction can mediate from the effect of Service Quality on Regular ULaMM Customer Loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office obtained a t-value of 2.350 with a p-value of 0.019. The p-value is lower than the significant level of 0.05 which illustrates that customer satisfaction can mediate the effect of service quality on customer loyalty.

The test results using the SmartPLS software show that the higher the customer satisfaction in mediating from the service quality, the higher the ULaMM Regular customer loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office. This result is in line with a number of studies that have been conducted by previous researchers which concluded that there is an effect of service quality on customer loyalty. (Syafira, 2018; and Zakiy & Azzahrorh, 2017).

The results of these tests indicate that good service quality within the company can affect customer satisfaction and have an impact on increasing customer loyalty. Service quality of a company that is done well will lead to feelings of satisfaction because customers feel they have been served well. With good service quality, customer loyalty or loyalty will be formed. This can encourage customers to have the desire to use the service again and have the desire to recommend it to others.

Based on these results, it can be concluded that the higher customer satisfaction in mediating from service quality, the higher ULaMM Regular customer loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office.

CONCLUSIONS AND RECOMMENDATION

Based on the results of the research and discussion that have been stated previously, the following conclusions are drawn from the results of the research:

- a. Service quality has a significant effect on ULaMM Regular customer satisfaction at PT. Permodalan Nasional Madani, Palembang Branch Office. This indicates that the higher the service quality, the higher the customer satisfaction.
- b. Customer satisfaction has a significant effect on customer loyalty ULaMM Regular at PT. Permodalan Nasional Madani, Palembang Branch Office. This indicates that the higher the customer satisfaction, the higher the customer loyalty.
- c. Service quality has a significant effect on ULaMM Regular customer loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office. This indicates that the higher the service quality, the higher customer loyalty.
- d. Customer satisfaction can mediate the influence of service quality significantly on ULaMM Regular customer loyalty at PT. Permodalan Nasional Madani, Palembang Branch Office. This indicates that the higher the customer satisfaction in mediating from the service quality, the higher the customer loyalty.

The results of the research conclusions state that there is an influence of service quality on customer loyalty which is mediated by customer satisfaction. From a number of indicators on each of which are rated low, the suggestions that can be given are as follows:

- a. In terms of improving the quality of service for employees of PT. Mandiri National Capital Palembang Branch Office should increase the response to what is requested by customers. In addition, it is also necessary to increase attention to customer problems. For this reason, it is suggested that employees must improve their communication skills, so

- they can be closer to their customers. In addition, companies also need to encourage their employees to be more proactive towards every customer's needs and requirements.
- b. In an effort to increase customer satisfaction so that they are more loyal, the company should provide various conveniences and reduce various administrative aspects that are considered burdensome to customers. In addition, attention should be paid to the location of the office so that it is in a more strategic place.
 - c. In terms of increasing loyalty, the company should be able to make a deep impression on its customers. This can be done by improving service and satisfaction with the services provided by employees in the field. Also, it is necessary to provide stimulants in the form of rewards for customers who have good records, for example, gifts are given, both material/financial and non-material (non-financial).

ADVANCED RESEARCH

The limitations of this research include only using three variables (service quality, customer satisfaction, and customer loyalty). In addition, there are also limited research objects, only PT. Permodalan Nasional Madani, Palembang Branch Office which has not been able to fully represent the condition of branch offices spread throughout Indonesia. The number of existing PNM branch offices certainly has differences in both the situation and conditions of branch office performance and the factors that can affect the performance of employees at the branch.

As a recommendation for further research, the following suggestions can be given:

- a. This research only conducts an assessment of the effect of service quality and customer satisfaction on customer loyalty, so it is necessary to develop further research to examine the influence of other factors that have not been studied on customer satisfaction and customer loyalty.
- b. The conclusions drawn are only based on the acquisition of data analysis, it is hoped that there will be further research on the effect of service quality and customer satisfaction on customer loyalty with different research methods, wider samples, and the use of different and more complete research instruments

Many other variables are thought to influence loyalty, and these variables are very important to study for further, more in-depth research, because they have a direct or indirect relationship and can affect company performance and can also affect the direction of company strategy and policies. In addition, it is deemed necessary to expand the scope of the research area which is not only limited to the scope of branch offices but also regional and even national work areas.

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