

EFFECT OF SERVICE QUALITY AND COMPANY IMAGE ON CUSTOMER LOYALTY

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Abstract:

This study is entitled The Effect of Service Quality and Company Image on Customer Loyalty at PT. BPR Sari Jaya Sedana in Klungkung. The formulation of the problem is: How is the influence of service quality and company image on customer loyalty simultaneously and partially at BPR Sari Jaya Sedana. The objectives of this study were: To determine the effect of service quality and corporate image on customer loyalty simultaneously and partially at BPR Sari Jaya Sedana. The sample which is the object of this research is the customer at PT. BPR Sari Jaya Sedana. The sampling technique used random sampling technique with data collection techniques in the form of questionnaires with respondents as many as 40 customers. The data analysis technique used is the validity and reliability test, the classical assumption test, the determination test, the f test, and the t-test with multiple linear regression methods. The results showed that service quality and company image had a significant positive effect on customer loyalty. Then partially, service quality and company image also have a significant positive effect on customer loyalty.

Keywords:

service quality, company image, loyalty



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INTRODUCTION

In its activities, Rural Banks (BPRs) can accept deposits in the form of savings and time deposits, while Commercial Banks can accept deposits in the form of savings, time deposits, and demand deposits. Concerning savings, BPR Sari Jaya Sedana issued savings products, namely the Undergraduate Daily Savings, Undergraduate Savings, Simple Undergraduate Savings, Undergraduate Tabernas Savings, Undergraduate Savings, Maturity Program Savings, ARTA Main Savings, and ARTA Sarjana Savings. Also, for deposits, BPR Sari Jaya Sedana issues a product called Deposito Sarjana. According to Law no. 10 of 1998 regarding banking, that savings are deposits whose withdrawals can only be made according to certain agreed conditions, but cannot be withdrawn by check, bilyet giro, or other equivalent means (Ebel & Yilmaz, 2002; Saputra, Jayawarsa, et al., 2019). A time deposit is a type of deposit that can only be withdrawn according to the agreed period between the bank and the customer. Deposits are divided into three types, namely: time deposits, certificates of deposit, and deposits on-call (Shabrina et al., 2018). Savings and deposits are third-party funds (DPK) from Rural Banks (BPR). Therefore, banks must also think harder to create and find strategies and provide the best service to their customers, so that prospective customers from a wider area are attracted to join them whether a product is interesting or not, considering whether or not the number of customers in financial institutions is strongly influenced by various factors (Peterson, 1996). Loyalty is important to the survival of a company. In this way, the company must continue to maintain and increase the loyalty of its customers (Pangeran & Salaunaung, 2017; Saputra, Trisnadewi, et al., 2019). Therefore, to build consumer loyalty, the company must have a good relationship with consumers. A good relationship between companies and consumers can create an advantage, both for companies and consumers. Companies can understand the needs, wants, and expectations of their consumers (Munoz-Leiva et al., 2017; Ngumar et al., 2019). In addition to providing excellent service to its customers, the company must also develop a good image of its company consisting of reputation, good name, and main competencies to assist customers in influencing their purchasing decisions.

Retaining customers is an important task for a bank because acquiring new customers is always more expensive than maintaining old ones. So with that, the researcher argues that a company with a good image can take advantage of the image as an advantage of the company. A good image can maintain a loyal customer. Image can be used as a mirror of a company's past to make the company better. So that companies can more easily communicate with consumers in realizing their products. And also be superior to its competitors (Muttaqin & Dharmayanti, 2017; Rahman & Anwar, 2014).

Customer satisfaction is the key to the success of a corporate organization. One way to increase the competitiveness of a service business is to increase service quality because, with good service quality, customer satisfaction will be achieved. Quality has a close relationship with satisfaction, so that quality

provides an impetus for consumers to establish strong relationships with the company. Thus, the company can increase customer loyalty where the company maximizes pleasant consumers and eliminates unpleasant ones. In the end, service quality can create customer loyalty or loyalty (Predana et al., 2020). Image within the company is very important. In fact, the company's image is only as an identity to differentiate it from competitors. The image of the bank is very important to keep customers using the product. Company image is measured by bank credibility, excellent technology, and ability to meet customer needs. Bank image is one of the most important bank selection criteria for customers. The results of the image of the bank come from customer consumption experiences and other experiences. In turn, the image of the bank determines the overall perception of service quality (Mobile Marketing Association, 2009).

The source of the problem in this study is that the researcher wants to know whether the company's image and service quality really affect customer loyalty. Many agree that customer loyalty can be formed from the quality and image of the institution, but some studies say the opposite. Like previous research, Rahmawati (2017) states that service quality has a significant positive effect on Customer Loyalty and Institutional Image and has a significant positive effect on Loyalty. Meanwhile, Giovanis et al. (2015) argue that company image does not directly or indirectly affect customer loyalty through customer satisfaction. While service quality has an indirect effect on loyalty through satisfaction and satisfaction directly affects loyalty. In research, Rachmatiwi et al. (2015) state that service quality has a positive and insignificant effect on customer loyalty.

Maintaining service users/customers to obtain high satisfaction and loyalty requires a strategy that management can implement. One important strategy is to provide excellent service quality (Susanto et al., 2014). Quality encourages members to forge a close relationship with Bank BPR Sari Jaya Sedana. Loyalty can be formed when members are satisfied with the services provided and continue the relationship. The implementation of good quality will satisfy members and, in the end, make members loyal (Murti et al., 2018). Having loyal members is an asset because it can increase profits. If Bank BPR Sari Jaya Sedana provides good quality service, members will feel satisfied, and loyalty will be created (Uys & Senekal, 2008). Good or bad service quality is the responsibility of all parts of the company organization. Therefore, whether the service quality is good or not depends on the ability of the service provider to meet customer expectations consistently. Customer loyalty is also no less relevant to analyze because customer loyalty will arise after the customer feels satisfied or not with the service received (Uys & Senekal, 2008).

Company image

Services have different characteristics from goods such as cannot be seen, are not separated between consumers and service providers, Alves & consumers must participate in delivering their services (Hatta & Riduan, 2017; Murti et al., 2018; Saputra & Tama, 2017). This difference causes various consequences for service companies, including developing a good image. Jasfar & Kristaung (2012) described that to form a good image; a company must build a good name and reputation and strengthen its competence. Therefore, building and then maintaining this image is important for a service organization if it wants to gain and maintain customer loyalty.

Image Relationship with Loyalty

Companies design an identity or position assignment to form a public image of the company or its products. Image is influenced by external stimuli as well as elements of human feelings or emotions. For companies, having a good image is a very important factor because it will provide various benefits (Merli et al., 2019; Uys & Senekal, 2008). Companies with a good image will encourage consumers to buy the products offered, enhance competitiveness, encourage employee morale, and increase customer loyalty (Merli et al., 2019). Following the literature review and the results of previous research, the following hypothesis can be stated:

H1: Service quality and company image simultaneously have a significant effect on customer loyalty at BPR Sari Jaya Sedana

H2: Service quality and company image partially significant effect on customer loyalty at BPR Sari Jaya Sedana

Service quality is still seen as an important factor in fostering the willingness to reuse, use more, use other types of services, and recommend experiences to others. Loyalty can be formed when members are satisfied with the services provided and continue the relationship. Image can influence loyalty by establishing stability in financial institutions, which is manifested by excellence that can survive changes in economic conditions in the future with a positive image and a good name for the company in customers' minds.

METHOD

The population in this study are customers of PT. BPR Sari Jaya Sedana, as many as 40 people, was taken accidentally or based on coincidences, namely anyone who is considered appropriate and accidentally meets at the research location. Simultaneously, the sample is a portion to be taken from the entire object under study and is considered to represent the entire population. The sampling technique in this study uses simple random sampling, which is a sample taken so that each research unit from a population has an equal chance of being selected as a sample. Data collection techniques are part of the data collection instrument

determining the success or failure of a study. In this study, using quantitative data collection methods, the data previously collected is converted into numeric data. A popular method for collecting quantitative data is a survey, so in this study, it is more appropriate to use a survey technique using a questionnaire. Multiple regression is a versatile and "powerful" method of analysis that can be used to model the simultaneous effect of the independent variable on the dependent variable.

RESULTS AND DISCUSSION

Using 40 respondents the value of r table can be obtained from the r table for Pearson's product-moment with df (degree of freedom) = $n-2$, so $df = 40-2 = 38$, then r table = 0.267. The question item is said to be valid if the value of r count > r table. So it can be concluded that all statements are valid because it can be seen in the Corrected Item Total Correlation, all numbers > 0.267. The reliability test can be seen in the Cronbach's Alpha value; if the Alpha value is > 0.60, then the question construct, which is the variable dimension, is reliable. And it can be concluded that all statements on the company's image are valid because seen in the Corrected Item Total Correlation, all numbers > 0.267.

It is known that the Adjusted R Square value is 0.522, so it can be concluded that the variation of customer loyalty variables explained by the service quality variable (X1) and company image (X2) is 52.2% and the remaining 47.8% is influenced by several other factors not examined. The F test is used to determine simultaneously whether the independent variable can explain the dependent variable or not. Sig. Less than the value of $\alpha = 0.05$, then H_0 is rejected, and H_a is accepted. Also note that $f_{count} > f_{table}$ is ($22.290 > 3.24$). It means that the quality of service and corporate image on customer loyalty at PT. BPR Sari Jaya Sedana simultaneously has a positive and significant effect, and Service quality has a positive and significant effect on customer loyalty at PT. BPR Sari Jaya Sedana. The t-test is a partial or individual test that aims to determine whether or not the influence of each independent variable is significant or not on the dependent variable.

Based on the regression analysis results on the results of the SPSS output, the test uses two independent variables, including service quality and company image, that has met the classic assumption test, and there is no autocorrelation; thus, a regression can be continued. The effect of service quality on loyalty in the above SPSS results, the coefficients table of service quality variables has a positive and significant effect on customer loyalty. With a confidence level of 95% and an error of 5%, the Sig value is obtained. 0.037. Hence the Sig. Less than the value of $\alpha = 0.05$ ($0.037 < 0.05$), H_0 is rejected, and H_a is accepted. It means that service quality has a positive and significant effect on customer loyalty at PT. BPR Sari Jaya Sedana. The results of this study are slightly different from previous research conducted by Rachmatiwati et al. (2015), which states that service quality has a positive but insignificant effect on customer loyalty. Customers do not consider the appearance and ability of the company's physical facilities and infrastructure in serving customers as a matter of service quality that impacts customer loyalty. Whereas in this study, service quality indicators are considered by customers to form customer loyalty (Ebel & Yilmaz, 2002; Saputra, Jayawarsa, et al., 2019; Shabrina et al., 2018). According to Sangadji and Sopiah (2013), quality encourages members to forge a close relationship with BPR Sari Jaya Sedana Bank. Loyalty can be formed if members are satisfied with the services provided and continue the relationship (Harelimana, 2017; Irawanto, 2018). The application of good quality will satisfy members and, in the end, make members loyal. Having loyal members is an asset because it can increase profits. If Bank BPR Sari Jaya Sedana provides good quality service, members will feel satisfied, and loyalty will be created (Murphy & Albu, 2018; Yu, 2009).

The influence of company image on customer loyalty is based on the Coefficients table; the corporate image variable has a positive relationship with the dependent variable, namely customer loyalty. With a confidence level of 95% and an error of 5%, the Sig value is obtained. It 0.005, Hence the Sig. Less than the value of $\alpha = 0.05$ ($0.005 < 0.05$), H_0 is rejected, and H_a is accepted. It means that company image has a positive and significant effect on customer loyalty. It is evidenced from the results of data analysis which shows the relationship between corporate image and customer loyalty is positive. The positive influence here indicates that the better the corporate image that is formed in the community, the more customers will trust and feel loyal to the company. Because a good image is formed from the previous good track record of the company, so it indirectly gives suggestions to the public to entrust their money to PT. BPR Sari Jaya Sedana. According to Nifita (2010) for companies that have a good image (reputation) is a very important factor because it can provide various kinds of company benefits and with a good reputation will encourage consumers to buy the products offered, increase competitiveness, encourage employee morale, and increase customer loyalty. Therefore, company image is an important factor for customer loyalty; this is following previous research by Rahmawati (2017), where company image has a significant positive effect on customer loyalty.

The effect of service quality and corporate image simultaneously based on the ANOVA table results with a confidence level of 95% and an error rate of 5% obtained the value of Sig. 0,000. Hence the Sig. less than $\alpha = 0.05$ ($0.000 < 0.05$) then H_0 is rejected and H_a is accepted. So it can be concluded that service quality and company image on customer loyalty at PT. BPR Sari Jaya Sedana has a positive and significant effect.

CONCLUSIONS

Based on the analysis results that have been carried out with multiple linear regression analysis, it is concluded that, the corporate image has a positive and significant influence on customer loyalty, which means that the company image of PT. BPR Sari Jaya Sedana increases, so customer loyalty to PT. BPR Sari Jaya Sedana also increased. Service quality has a positive and significant influence on customer loyalty, which means that the service quality at PT. BPR Sari Jaya Sedana is good / rising, so customer loyalty to PT. BPR Sari Jaya Sedana has also increased. Simultaneously, company image and customer loyalty are significant at 0.000, so this indicates that simultaneously the variables of corporate image and customer loyalty significantly affect customer loyalty at PT. BPR Sari Jaya Sedana. It can be suggested that banking is expected for the banking industry to improve service quality and carry out good promotions in order to provide a good image in the community so that customer loyalty will increase, and it is better to always research the public regarding bank products that are by the needs of many people to improve the quality of bank products itself to realize maximum customer loyalty.

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