Priority Indicators to Determine Customer Satisfaction at the Micro Capital Service Unit (ULaMM) PT. PNM

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Abstract:- **This study aims to analyze the performance of customer loyalty PT. PNM (Micro Capital Services Unit (ULaMM) Denpasar Branch). This study uses variables such as service quality, product quality, and customer loyalty. This study uses customer satisfaction as an intervention variable. The population used was 168 respondents, using a randomized survey method to provide a list of questions directly to the respondents. The data analysis technique in this study used SEM (Structural Equation Modeling) analysis run through the SmarPLS v3 program. The results show that product quality and customer satisfaction have a large positive effect on customer loyalty, whereas service quality has no effect on customer loyalty. Product quality and service quality have a positive and significant impact on customer satisfaction. Indirectly, customer satisfaction can mediate the relationship between product quality and customer loyalty, so customer satisfaction can mediate the relationship between service quality and customer loyalty PT. PNM (Micro Capital Services Unit (ULaMM) Denpasar Branch).**

Keywords:- Service Quality, Product Quality, Customer Satisfaction, Customer Loyalty.

I. INTRODUCTION

Small and medium-sized enterprises (MSMEs) are often referred to as one of the sectors that are most able to withstand economic crises and become one of the main driving forces of the economy. According to the Central Statistics Agency (BPS), the number of Micro, Small and Medium Enterprises (MSMEs) has reached 64 million. This figure reaches 99.9 percent of all businesses operating in Indonesia. For this reason, the government is very interested in developing and providing access to financing for MSMEs, so that the national economy can grow and develop. The government itself places MSME financing as a national priority program. The government issued the Banking Regulation of Indonesia (PBI) No. 12/17/2015, which requires that the credit ratio for small, medium and micro enterprises must be at least 20% of the total loans issued by each bank. In addition to banks, there are non-bank financial institutions and other institutions and institutions, which also provide financing channels for small, medium and micro enterprises. One of them is PT. Permodalan Nasional Madani (Persero), a non-bank financial institution engaged in empowering MSMEs, through the Micro Capital Service Unit (ULaMM) product, which has provided financing capital, intellectual capital and social capital for MSMEs since 2008. There are many options for applying for financing facilities.

The number of institutions that provide financing channels for small, medium and micro-enterprises will affect the customer's purchase decision process. Although marketers already have a customer base that is considered loyal, the fierce competitive pressure to change customer loyalty cannot be ignored, as this will continue to change customer decisions to determine which financial institution they will choose. In an increasingly fierce global competition environment with the entry of innovative products into the market on the one hand, and market conditions that are saturated for certain products on the other, the task of managing customer loyalty becomes a managerial challenge that is not easy. Customer loyalty will be the key to success, not just in the short term, but also a sustainable competitive advantage. Therefore, in the long term, customer loyalty becomes the goal of strategic market planning and the basis for developing a sustainable competitive advantage through marketing efforts (Kotler and Keller, 2007).

To build customer loyalty, businesses also need to focus on customer satisfaction. According to Kotler and Keller's 2007 definition, satisfaction is a level of feeling, comparing an individual's achievements and outcomes with expectations. Customer satisfaction is completely influenced by quality of service, product quality, price, situation and human factors. Service quality also has a strong influence on consumer behavior, such as company loyalty, willingness to pay more, and reluctance to switch to other products, so service quality makes the company's performance better. Providing quality service is the goal so that customers get satisfaction so as to increase customer loyalty and ultimately improve company performance. ULaMM Denpasar Branch was chosen as the research location because the Denpasar Branch has a Top Up type of financing composition above the National ULaMM average, but tends to decrease every year.

Some researchers studied service quality, product quality, satisfaction, and customer loyalty variables. Hernawan (2020) Their findings show that variables in product quality and service quality do not significantly affect customer loyalty and loyalty. Product quality variables have no positive effect. It has a significant impact on satisfaction, and service quality variables have a significant positive impact on customer satisfaction. Satisfaction variables can adjust customer value variables in customer loyalty. However, satisfaction variables cannot adjust product quality and service quality variables in customer loyalty. The research of Sari (2020) shows that product quality and service quality variables have a significant positive impact on customer satisfaction, product quality and satisfaction variables have a positive and significant impact on loyal customers, product quality, service quality, and satisfaction variables Has a positive and significant impact. And a significant impact on customer loyalty. At the same time, according to the research results of Astuti (2020), product quality has a positive and significant impact on customer loyalty, and service quality has a negative impact on customer loyalty, which is negligible. . Satisfaction has a positive and significant effect on customer loyalty. Influence. Influence. Product quality has a positive and significant impact on satisfaction, and service quality has a positive and significant impact on satisfaction. Satisfaction can adjust the relationship between product quality and customer loyalty. Satisfaction can play a mediating role in the relationship between service quality and loyalty.

From the results of previous studies, it can be concluded that service quality, product quality and customer satisfaction variables have different effects on customer loyalty, which are caused by differences in research objects, populations and samples. Therefore, the author hopes to re-examine this research by focusing on service quality, product quality and customer satisfaction, which will build customer loyalty in PNM's Micro Capital Services Division (ULaMM) branch in Denpasar.

II. LITERATURE REVIEW

A. Service Quality

According to Tjiptono (2015), service quality is the level of service related to the expectations and needs of customers or users. This means that if certain companies or institutions can provide products and services (services) in accordance with the wishes and expectations of consumers, the service is of high quality. In general, quality of service is often used as the basis for service products, because the main product sold is a high-quality service, and this service is purchased by customers. Therefore, the quality of the services provided is the basis of the marketing services. The quality of service focuses on striving to satisfy the needs and desires of consumers, and the precision of delivery that balances the expectations of the consumer, that is, the consistency between the expectations and perceptions of the management, the consistency between the expectations consumer and employee work standards, and Consistency between employees Consistency at work. The standards and services provided together with the promised services, and

the applicability between the services obtained and the services expected by consumers (Sunyoto, 2012). The main objective of the service is to achieve customer satisfaction. The service can be completed when the consumer selects a product or completes a purchase transaction. If the service provided is good, the impact will be good, not only for customers, but also for the company. To find out the distance between customer expectations and customer expectations of the service received, you can follow A. The Parasuraman in Kotler and Keller (2007) is as follows: physical evidence, empathy, reliability, responsiveness, and security.

B. Product Quality

Product quality is a certain characteristic of a product that can meet consumer expectations. Kotler and Armstrong (2014) believe that product quality is one of the main positioning tools for marketers and is closely related to customer value and satisfaction. High-quality products are needed to meet the needs of consumers. Satisfying the wishes of consumers affects customer satisfaction and loyalty. According to Tjiptono (2015), product quality has eight dimensions, namely: performance, characteristics, compliance, reliability, durability, aesthetics, perceived quality and applicability.

C. Customer Satisfaction

According to Tjiptono (2015), customer satisfaction is a situation that manifests itself when consumers realize that their needs and desires meet expectations and are well met. At the same time, according to Kotler and Armstrong (2014), consumer satisfaction is the feeling of pleasure or disappointment of a person after comparing the performance (result) of the expected product with the expected performance. Satisfying the needs of customers is the desire of every company. In addition to being an important factor in the survival of your business, meeting customer needs can also increase your competitive advantage. Customers who are satisfied with products and services tend to buy back products and reuse services when the same demand reappears in the future. This means that satisfaction is a key factor in repeat purchases by consumers, which account for the majority of the company's sales. Kotler and Armstrong (2014) proposed that there are four methods that can be used to measure customer satisfaction, namely: complaint suggestion system, customer satisfaction survey, phantom purchase, and customer abandonment analysis. To determine customer satisfaction, a company must consider five factors (Lupiyoadi, Rambat, and Hamdani 2001), including product quality, service or service quality, emotion, price, and cost.

D. Customer Loyalty

According to Tjiptono (2015), understanding customer loyalty can be interpreted as a brand, store, supplier, or customer commitment based on a very positive attitude, reflected in continuous and repetitive purchases. Will be done. At the same time, Griffin (2005) expressed his opinion of customer loyalty, which is more relevant to behavior (behavior) than attitude. The buying behavior displayed when an individual is a loyal customer is defined by non-random purchases, which are often expressed in various decision-making units, and are characterized by regular repetitive

purchases and offline purchases. Products and services. Show immunity to rival bastards, refer to others. In turn, according to the research by Kotler and Armstrong (2014), the indicators of customer loyalty are: loyalty to the purchase of products, resistance to the negative effects of the company and total existence of the company.

E. Theoritical Framework

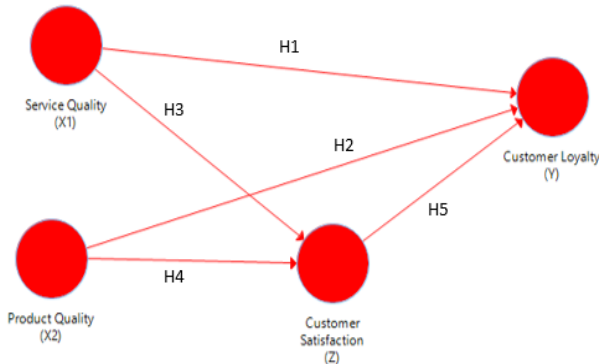Based on these theory above, it could be described a theoritical framework for these titles as follows:

Fig 1:-Theoritical Framework

F. Hypothesis

The hypothesis of this cases that could be seen as in follows:

H$_1$: Service quality has a positive and significant effect on customer loyalty

H$_2$: Product quality has a positive and significant effect on customer loyalty.

H$_3$: Service quality has a positive and significant effect on customer satisfaction.

H$_4$: Product quality has a positive and significant effect on customer satisfaction.

H$_5$: Customer satisfaction has a positive and significant effect on customer loyalty.

III. METHODOLOGY

The design of this study is a comparative causality study, which aims to investigate causality by observing the effects that occur, and finding the factors that cause these effects through the data collected (Emzir, 2010). The subject of this investigation is the client of PT PMN ULaMM Denpasar Branch. The variables used in this study are composed of independent variables, namely, service quality and product quality, the dependent variable is customer loyalty and the intermediate variable is customer satisfaction. The data collection method in this study uses the questionnaire survey as a tool for conducting field research. There were 168 respondents who completed and returned the questionnaire. Use SEM (Structural Equation Modeling) and SmartPLS (Partial Least Squares) application to process the data. PLS is used to estimate a potentially constructed route model with multiple indicators.
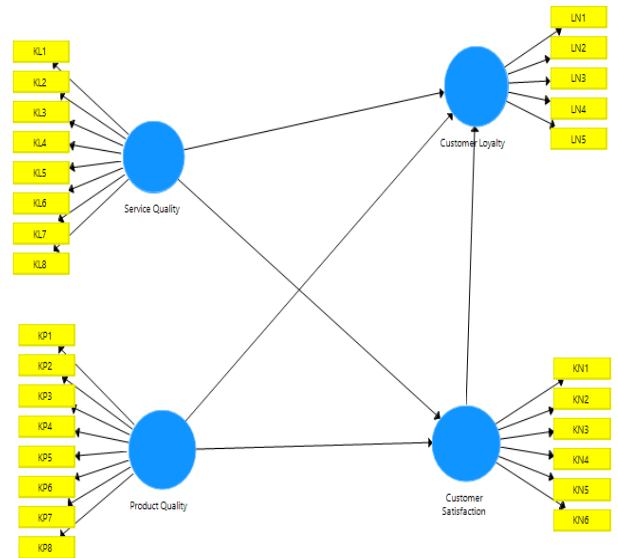

Fig 2: - Customer loyalty model

IV. RESULTS AND DISCUSSIONS

G. Validity and Reliability Test

Based on Table1 it can be seen that all research questionnaire data meet the valid criteria, where the results of the measurement of the validity coefficient of the loading factor value or standardized loading estimates 0.05. Thus, all research indicators can be used as effective data collectors to explore problems that are used as research objects.

Table 1. Validity Test Results

	Customer Satisfaction	Service Quality	Product Quality	Customer Loyalty
KL1		0.798		
KL2		0.881		
KL3		0.857		
KL4		0.842		
KL5		0.839		
KL6		0.831		
KL7		0.809		
KL8		0.809		
KN1	0.851			
KN2	0.872			
KN3	0.885			
KN4	0.857			
KN5	0.711			
KN6	0.832			
KP1			0.788	
KP2			0.812	
KP3			0.772	
KP4			0.790	
KP5			0.824	
KP6			0.789	
KP7			0.817	
KP8			0.784	
LN1				0.872
LN2				0.804
LN3				0.783
LN4				0.786
LN5				0.841

According to Table 1, can be seen in the load factor of each construction index. The general rule for evaluating convergence validity is that the external load value is> 0.7. It can be seen from Table 1 that the external load value is above 0.7, and it can be concluded that all the indicators in this study are valid.

Table 2. Reliability Test Results

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Customer Satisfaction	0.913	0.914	0.933	0.700
Service Quality	0.937	0.938	0.948	0.695
Product Quality	0.918	0.919	0.933	0.635
Customer Loyalty	0.876	0.885	0.910	0.669

According to Table 2, the results of the composite reliability test and Cronbach's alpha both show a value of >0.7, indicating that the value in each instrument is reliable, indicating that the instrument has the precision, consistency and accuracy of the measurement.

Table 3. R^2 coefficient

	R Square	R Square Adjusted
Customer Satisfaction	0.740	0.737
Customer Loyalty	0.632	0.625

Based on the table, the value of R squared (R^2) for the Customer Satisfaction variable is 0.740, this means that 74% of changes in company performance are influenced by research variables, namely Service Quality and Product Quality, while the remaining 26% is influenced by other variables. The coefficient of R2 of the Customer Loyalty Output Variable is 0.632, this means that 63.2 % changes in Customer Loyalty are influenced by Service Quality, Product Quality and Customer Satisfaction, while the remaining 36.8% is explained by other reasons. Based on this, the calculation results of R2 Customer Satisfaction and Customer Loyalty are Good.
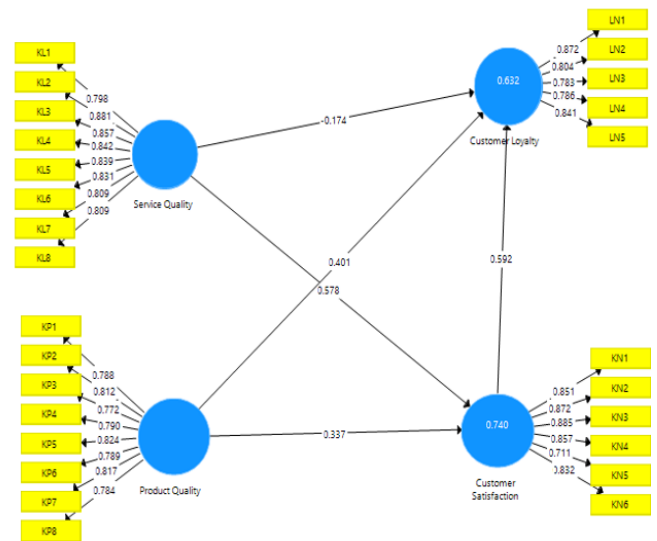
B. Hypothesis Test

Fig 3:- Path Chart

By using the SmartPLS software, the results of the PLS Algorithm are as follows:

Table 3. Hypothesis testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Customer Satisfaction-> Customer Loyalty	0.592	0.610	0.117	5.073	0.000
Service Quality-> Customer Satisfaction	0.578	0.567	0.098	5.886	0.000
Service Quality-> Customer Loyalty	-0.174	-0.178	0.102	1.712	0.088
Product Quality-> Customer Satisfaction	0.337	0.349	0.110	3.063	0.002
Product Quality-> Customer Loyalty	0.401	0.389	0.107	3.762	0.000

Based on table 3 then the hypothesis test is as follows :

H_1: *Service quality has a positive and significant effect on customer loyalty*

The analysis of the hypothesis test obtained through the research reflects the value of Statistical T 1.712 <1> 0.05. It can be concluded that H1 is rejected, so the quality of service will not affect customer loyalty. The results of this study are inconsistent with those of Sari (2020), which affirmed that service quality has a positive and significant impact on customer loyalty. However, the results of this study are supported by Astuti (2020), who affirmed that service quality has a negative and insignificant impact on customer loyalty.

H_2: *Product quality has a positive and significant effect on customer loyalty*

The analysis of the hypothesis test obtained from the study reflects the value of Statistical T 3.76> 1.96 and the value of P 0.000 <. 0.05. It can be concluded that H2 is accepted, so product quality has a positive and significant impact on customer loyalty. The results of this study are consistent with the studies of Sari (2020) and Astuti (2020), that is, product quality variables have a positive and significant impact on customer loyalty.

H₃: Service quality has a positive and significant effect on customer satisfaction

The analysis of the hypothesis test obtained through the investigation reflects the value of the T statistic of 5.886> 1.96 and the value of P of 0.000 <. 0.05. It can be concluded that H3 is accepted, therefore the quality of the service has a positive and significant impact on customer satisfaction. The results of this study are supported and consistent with the results of Sari (2020) and Astuti (2020), which show that service quality has a positive and significant impact on customer satisfaction.

H₄: Product quality has a positive and significant effect on customer satisfaction

The analysis of the hypothesis test shows that the study reflects a T statistic value of 3.063> 1.96 and a P value of 0.000 <0.05. It can be concluded that H4 is accepted, so the quality of the product has a positive and significant impact on customer satisfaction. This result is consistent with the research by Astuti (2020) and Sari (2020), which shows that there is a positive and significant impact between product quality and customer satisfaction.

H₅: Customer satisfaction has a positive and significant effect on customer loyalty

The analysis of the hypothesis test obtained through the investigation reflects the value of the T statistic of 5.073> 1.96 and the value of P of 0.000 <. 0.05. It can be concluded that H5 is accepted, so customer satisfaction has a positive and significant impact on customer loyalty. This result is consistent with Astuti (2020), which pointed out that customer satisfaction has a significant impact on customer loyalty.

➤ *The effect of product quality on customer loyalty through customer satisfaction as an intervening variable.*

The analysis of the hypothesis test obtained from the study reflects the value of Statistical T 2.281> 1.96 and the value of P 0.023 <. 0.05. It can be concluded that product quality has a positive and significant impact on customer loyalty through customer satisfaction as an intervention variable. These results are supported by Astuti (2020) research, which determined that customer satisfaction can mediate the relationship between product quality and customer loyalty.

➤ *The effect of product quality on customer loyalty through customer satisfaction as an intervening variable.*

The effect of service quality on customer loyalty through customer satisfaction as an intervention variable is obtained through hypothesis test analysis. The statistical value reflected by the research is T 4.327> 1.96, and the P value is 0.000 <0.05. It can be concluded that service quality has a positive and significant impact on customer loyalty through customer satisfaction as an intervention variable. This result is supported by Astuti Research (2020), which shows that customer satisfaction can regulate the relationship between service quality and customer loyalty.

V. CONCLUSSION AND SUGGESTIONS

➤ *Conclusion*

Based on the analysis and discussion results discussed above, the following conclusions can be drawn: product quality and customer satisfaction have a significant positive impact on customer loyalty, while service quality has no effect on customer loyalty. Product quality and service quality have a positive and significant impact on customer satisfaction. Customer satisfaction can adjust the relationship between product quality and customer loyalty. Customer satisfaction can play an intermediary role between service quality and customer loyalty.

➤ *Suggestions*

For future research, it is expected that several variables can be expanded and added, and the range of samples and interviewees can be increased to obtain better results.

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