

THE EFFECT OF SERVICE QUALITY AND CUSTOMER SATISFACTION ON CUSTOMER LOYALTY GAPOKTAN MAJU CIMANGGIS DEPOK

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Abstract

PT. Gapoktan Maju Bersama is one of the farmer institutions engaged in the collection and marketing of star fruit with the god variety. Gapoktan Maju Bersama has been established since 2011 where gapoktan customers are Indomaret, Indogrosir, UD Perdana Juice and PT Delira Sejahtera. However, the existence of competitors who are fellow star fruit suppliers who threaten the existence of Gapoktan Maju Bersama, makes customers much more entrusted with the supply of star fruit to competitors. Indications of dissatisfaction are in the form of dissatisfied customers with the quality of service. Data collection in this study used the method of interviewing with questionnaires, observations, and literature studies. The questionnaire given is related to questions about service quality, customer satisfaction, and customer loyalty.

The answer measurement technique in this study used Likert scale measurements with a scale range of 1 to 4. Sampling in this study was nonprobability sampling with a purposive sampling method. These respondents are business owners, receiving, purchasing, buyers, and store managers. The exogenous variables of this study are service quality and customer satisfaction. The endogenous variable is Customer Loyalty. The research was conducted using the Structural Equation Modelling method with a Partial Least Square approach. The research was processed with Ms. Excel 2016, IBM SPSS, and SmartPLS 3.0. The results of this study show an influence between service quality on customer loyalty, customer satisfaction on customer loyalty, service quality on customer satisfaction, and the influence of service quality on customer loyalty through customer satisfaction. The sub-variables that have successive effects are physical evidence, empathy, assurance, reliability, and responsiveness. Then from customer satisfaction, the most influential successively is the willingness to recommend, the interest in visiting again, and the conformity to expectations.

Keyword : *Service Cuality; Customer Satisfaction; Costumer Loyalty; SEM-PLS; Gapoktan Maju Bersama*

INTRODUCTION

Star fruit is a fruit native to Indonesia. One of the star fruit centers in Java Island with fruit commodities is Depok City, West Java. Since 2007 Depok City has established star fruit as the superior product of Depok City. Depok City is the largest producer of star fruit in West Java Province. This is supported by the existence of star

fruit farmer groups with a total of 660 farmers who are members of 20 farmer groups. One of the largest farmer groups is in Cimanggis District with 227 farmers and is part of a joint group of farmers advancing together. PT. Gapoktan Maju Bersama has been established in 2011 and the marketing of gapoktan is mostly aimed at meeting the needs of the retail industry market and the processing of star fruit products. Gapoktan has customer certainty, where gapoktan customers are retail traders Indomaret, Indogrosir, PT Delira and UD Perdana Juice. However, this is not balanced with the improvement of the quality of gapoktan services. Until now, there are still indications of dissatisfaction with the quality of service. Gapoktan has experienced a decrease in demand for star fruit since the last two years. The decline in demand occurred in four customers, namely, Indomaret, Indogrosir, Delira and UD Perdana Juice.

The factor causing the decline in supply demand is the decrease in demand for star fruit consumption among retail customers. In addition to these factors, one of the other factors that caused the decline in star fruit demand at Gapoktan Maju Bersama was an indication of customer dissatisfaction with the quality of service which affected the loyalty of Gapoktan Maju Bersama customers. Indications of dissatisfaction are complaints about product quality that is not in accordance with the agreement, product prices that are not comparable to quality, the amount of supply that is not in accordance with the agreement, and delays in delivery. The Gapoktan could not meet the needs according to the existing agreement. Therefore, it is important for gapoktan in maintaining and improving the quality of existing services. Where the gapoktan must understand anything expected by the customer for the quality of service provided by Gapoktan Maju Bersama.

RESEARCH METHODS

Research Location and Time

The research was carried out at the Association of Joint Forward Farmer Groups located in Tugu Village, Cimanggis District, Tugu Village, Depok City, Jawa Barat Province. The timing of the study was in April 2020.

Data Types and Sources

This type of research data is primary data. Primary data is generally sourced from primary sources, that is, the data is on the main party who owns the data. The source of data in this study is the consumers or customers of star fruit products of the god of gapoktan maju with Cimanggis, Depok.

Data Analysis

Structural Equation Modelling with Partial Least Square (SEM-PLS) approach. Partial Least Square (PLS) is part of SEM where PLS is a new technique that is in great demand because in its implementation SEM-PLS analysis is soft modeling because it does not assume data with a certain measurement scale. The use of SEM-PLS does not require a minimum number of samples, so studies with small samples can still use the PLS approach (Ghazali, 2008: 17). According to Ghazali and Latan (2014:47) in this SEM-PLS method the steps performed are 1) Conceptualization of the Model 2) Determining the Algorithm Analysis Method 3) Determining the Resampling Method 4) Drawing a Path Diagram 5) Model Evaluation.

RESULTS AND DISCUSSION

Instrument Validity and Reliability Test

The construct validity test in the study was carried out on 20 respondents by calculating Pearson correlation. Researchers used Pearson correlation because it was easy to calculate. If the correlation value or r is higher than the r of the table, then it is declared valid. Based on the calculation of the results of the construct validity test from a total of 67 there are 14 invalid instruments. After the validity test, the reliability test is continued. Reliability testing in this study used Cronbach's Alpha measurement technique. Based on the results of the reliability test, it was found that the value of Cronbach's alpha was 0.891. Based on the provisions of the criteria Cronbach's alpha (0.61-0.80) indicates reliability.

Results of Structural Equation Modelling-Partial Least Square Method Analysis Evaluation of the Measurement Model (Outer Model)

The results of the instrument validity and reliability test, out of 65 questionnaire questions, there were 45 valid questionnaire statements. Testing on the first SEM-PLS was with a measurement model (outer model). The research model must first meet the validation and reliability tests of the SEM-PLS model. The measurement models carried out are convergent validity, discriminant validity, reliability with composite reliability measurement parameters, and Cronbach's alpha, R².

Convergent Validity

The result of the outer loading value is stated that there are 31 valid parameters. The value of the loading factor in each research parameter is more than the value of the loading factor of 0.5. The lowest loading factor value is in the E5 parameter of 0.743 and the highest in the MKO3 parameter of 0.971. The VIF value in the table above shows that it is qualified, which is less than 10. In the next stage, the calculation of the reliability of the composite is carried out. The overall sub-variable of the study had a value above 0.5. This means that the probability (chance) of a sub-variable entering another variable is more than 108 low so that the chances of the indicator converging and entering the variable in question are greater, which is above 50%. The highest AVE values are in the expectation conformity sub-variable and the lowest in the physical evidence sub variable.

Discriminant Validity

This test is carried out by comparing the roots of the AVE of a construct that must be higher than the correlation between these latent variables, or by looking at the cross-loading score. The result of the calculation of the square root value of the AVE of all sub-variables is higher than the value of the correlation between constructs. So, it can be concluded that the model is valid because it has met the validity of the discriminant.

Reliability of SEM PLS

Reliability tests on SEM PLS were carried out using two methods, namely Cronbach's alpha and composite reliability. The Rule of thumbs the value of alpha or

composite reliability must be greater than 0.7 although a value of 0.6 is still acceptable. Based on the calculation results, it shows that the Cronbach's alpha value of each sub-variable has met the requirements, which is above 0.7. This indicates that the sub-variable is declared reliable or in other words, the data is accurate and precise. Then the PLS reliability test is also strengthened by the composite reliability test. The composite reliability value has met the requirements, which is more than 0.7. In addition, the composite reliability value is higher for fellow constructors compared to the value of Cronbach's alpha.

Structural Model Evaluation (Inner Model)

The results of the evaluation resulted in 45 parameters that passed the model evaluation test. Further is carried out structural model. The structural model testing in the SmartPLS application is carried out by bootstrapping. The structural model in the study is a model that describes the relationship between latent variables that are evaluated using the path coefficients, R², Q², and GoF.

R-Square Test

The first structural evaluation is carried out with the R² test. The R² test measures the degree of variation in the change of exogenous variables against endogenous variables. The change in the value of R² is used to explain the influence of certain exogenous latent variables on endogenous variables and whether they have substantive influences. Based on the calculation results, the value of R² for customer satisfaction is 0.542 which means that the quality of service can explain its effect on customer loyalty is 54.2% while the other 45.8% is influenced by other variables outside this research model. The R² value of the customer loyalty variable is 66.4% which means that the variables of service quality and customer satisfaction can affect customer loyalty by 66.4% and the remaining 33.6% is influenced by other variables outside this research model.

Q-Square Test

After seeing the results of the R-square test, the Q-square test was continued. The Q² value is also called the predictive relevance value. Q² measures how well the observation value is generated by the model and its parameter estimates. Based on the Q-square test table above, it was found that the quality of service was able to explain the customer satisfaction variable of 0.243. In addition, the quality of service and customer satisfaction were able to explain the variable of customer loyalty of 0.282. The value of Q² indicates that Q² > 0, which means that the exogenous variable can predict the endogenous variable well. Then it can be concluded that exogenous variables are quite good as predictor variables.

Uji Goodness of Fit Uji

The Gof value obtained based on calculations is 0.486 (large). This value means that the model has good performance. The model has a high ability to explain empirical data, so overall it can be said that the model form is valid.

Hypothesis Test

The results of path coefficients and t-statistical values are obtained through the bootstrapping process. This process is carried out with the number of samples for resampling 44 and repetitions as many as 500 times. The results of the hypothesis test produce the results of direct influence, indirect influence, and total influence. The test results of the research hypothesis 1, showed coefficient values of 0.423, T-statistics 2.218, and P-value 0.027 so H₀ was rejected. This means that the service quality variable has a significant positive influence on customer loyalty by 42.3%. The results of testing the hypothesis of research 2, showed coefficient values of 0.438, T-statistics 2.537, and P-values of 0.014 so H₀ was rejected. This means that the customer satisfaction variable has a significant positive influence on customer loyalty by 43.8%. The test results of the hypothesis of study 3, showed a coefficient value of 0.736, T-statistic 4.770, and P-value of 0.000 so H₀ was rejected. This means that the service quality variable has a significant positive influence on customer satisfaction by 73.6%. Furthermore, the test results of research hypothesis 4, showed a coefficient value of 0.745, t-statistic 5.390, and p-value of 0.000. This shows that H₀ is rejected. This means that the overall quality of service has a significant positive influence on loyalty through customer satisfaction of 74.5%, where it is known that customer satisfaction mediates between service quality and customer satisfaction of 32.2%.

In addition to the hypothesis, based on the final model of research the figure shows that the indicator has a T-statistic of more than 1.96 which indicates the influence between indicators on service quality, customer satisfaction, and customer loyalty.

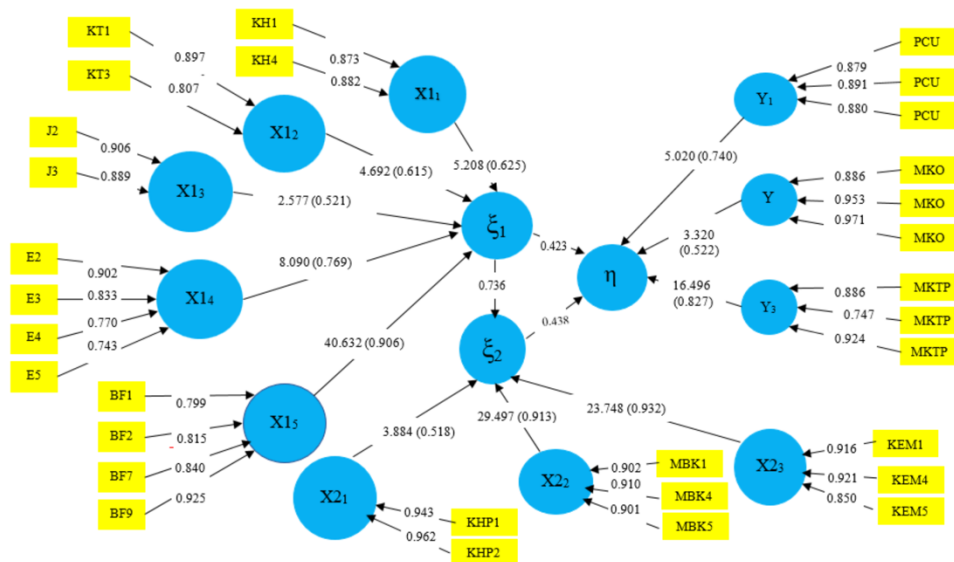


Figure 1. Final Model of Research
Source: The data is processed.

Information:

- KH : Reliability
- KT : Responsiveness
- A : Warranty
- E : Empathy

- BF : Physical Evidence
KHP : Conformity of Expectations
MBK : Interest in Revisiting
KEM : Willingness to Recommend
PCU : Regular Repurchase
MKO : Referencing Others
MKTP : Shows Immunity to Competitors
 ξ_1 : Quality of Service
 ξ_2 : Customer Satisfaction
 η : Customer Loyalty

CONCLUSIONS AND SUGGESTIONS

Based on the results of the study, formulation, and objectives in this study, the conclusion of the analysis of the effect of service quality and customer satisfaction on customer loyalty of Gapoktan Maju Bersama with the Structural Equation Modelling-Partial Least Square method showed four hypothesis test results. The test results of the four hypotheses showed that they rejected H0. 2. Service Quality directly has a significant positive influence on customer loyalty by 42.3%. 3. Direct customer satisfaction has a significant positive influence on customer loyalty by 43.8%. 4. The quality of service directly has a significant positive influence on customer satisfaction by 73.6%. 5. The quality of service has a significant positive effect on loyalty through customer satisfaction of 74.5%, where it is known that customer satisfaction mediates between service quality and customer satisfaction of 32.2%.

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