

THE INFLUENCE OF SERVICE QUALITY AND TRUST ON CUSTOMER LOYALTY AT MORIS RASIK S.A FINANCIAL SERVICE IN ATABAE SUB-DISTRICT, DILI, TIMOR-LESTE

Francisco da Costa¹, Delia Iria Magno de Araujo², Lucas Pereira³

^{1,2,3} Universidade da Paz, Timor Leste

*Corresponding Author: fransdst222@gmail.com

Abstract: The service sector, especially the financial sector, is a crucial sector and needs attention from business managers. This study covers Customers of Organization no Government (ONG) Moris Rasik, Dili, Timor-Leste. The purpose of this study is to try to test the influence of Service Quality and Trust on Customer Loyalty. With the population in this study being Moris Rasik customers, with the number of customers who became respondents in this study amounting to 50 customers, the researcher used the Probability Sampling technique with the Census technique, namely the population of 50 people who were used as respondent samples. The research results show that service quality and trust have a significant influence on customer loyalty.

Keywords: Service Quality, Trust, Customer Loyalty

1. Introduction

Background of the Problem

Timor-Leste is one of the newly independent countries and many businesses in the region including in Financial Service Moris Rasik S.A, or previously known as NGO moris rasik, as a microfinance institution that has provided facilities and development of community businesses, quality of service to the community, weak economy to develop their businesses in meeting daily needs.

Financial Service (Servisu Financeiru) Moris Rasik S.A or previously known as NGO moris rasik as a microfinance institution that operates specifically for credit needs for rural communities. The community assumes that Financial Service has a view as a small bank. Its operational reach is limited and is fortunate to serve the needs of low-income communities, as well as channeling credit to small businesses or in trade such as: stalls, kiosks, which are small-scale, also for businesses that require capital and larger investments compared to small businesses.

Service quality is the value offered to customers with feelings that can be felt by a customer and their perception of the Financial Service Institution and the products offered with the aim of creating customer trust. The quality of service provided by the company to customers aims to make customers interested in the products offered to customers feel loyal to the products and services offered. Service quality through services provided by the company to customers, namely through good communication, information provided by the company to customers and supported by guarantees given to customers. Service quality is closely related to customer satisfaction where the quality of service provided is good, then customers will remain loyal to the Financial Service Institution and vice versa, the quality of service provided is less effective, then customers will move to other banks.

According to Barata (2004), service quality can create a relationship between service providers and their customers. The sustainability of service companies depends largely on the quality of service that is appropriate to the microfinance institution environment.

Trust, both in terms of fundraising and fund distribution. In the competition between banks in collecting public funds, many efforts are taken by banks, including diversifying types of savings that are equipped with a number of attributes that can stimulate. Savings products are the most increasing products for microfinance institutions to strengthen the function of fundraising in Financial Services. For example, savings with interest calculated based on the daily balance accumulated at the end of each year (daily interest savings), savings that provide prizes with a draw every few months (prize savings), various payment facilities and others.

According to Sunarto, (2006) customer trust is the trust a customer requires so that loyal customers in the financial service want to use the products or services offered by a microfinance institution.

Customer loyalty is one of the absolute things for microfinance institutions that want to exist tightly in the business, various efforts continue to be made by microfinance institutions. Because the customer itself is the provider of capital to microfinance institutions in carrying out their activities. Customers will feel loyal if the quality of the product and the quality of service, the value felt by the customer is in accordance with or exceeds expectations. So that customers often do not have loyalty to other microfinance institutions because there are many offers and customers tend to choose offers that are more profitable. Building customer loyalty is the core of achieving long-term profitability. Customer loyalty is the difference between customer expectations for the products and services received.

This problem includes Customer Loyalty and this problem is related to the quality of service and trust, therefore in a microfinance institution must have a good strategy, motivation and provide direction to employees to be polite, and ethics and good service to customers so that customers feel loyal. So the main phenomenon or main problem is Customer Loyalty.

Research Objectives

1. To determine the extent to which service quality influences customer loyalty.
2. To determine the extent to which trust influences customer loyalty.

2. Literature Review

Definition of Service Quality

The definition is a formulation of the scope and characteristics of Service Quality and trust in customer loyalty which is the main topic of discussion in this case study.

Fitzsimmon (1998,: 190) said that service quality is a complex, so it is suitable to be used as a dimension and then expressed through indicators to determine the extent of service quality in this study. Indicators to determine the extent of service quality in the study include the following:

- a) Reability: Willingness to provide appropriately and correctly, the type of service that has been made to customers.
- b) Responsiveness: Awareness or desire to help customers and provide appropriate service.
- c) Assurance: knowledge or insight, politeness, self-confidence of the service provider, and customer respect.

- d) Empathy: Willingness of the service provider to approach, provide protection, and try to find out the desires and needs of customers.
- e) Tangibles: Appearance of employees and other physical facilities, and equipment.

Definition of Trust

Sunarto, (2006: 236). It can be concluded that trust is a belief in a party towards another party. A customer's trust is needed so that the customer wants to use the product or service offered. In activities, the trust factor is very necessary between both parties, both from the producer to the customer and the customer to the producer.

Indicators of Trust Sunarto, (2006: 153) Customer Trust is the trust a customer requires so that the customer wants to use the product or service offered.

1. Reliability
2. Honesty
3. Caring
4. Credibility
5. Confidence

Definition of Customer Loyalty

Kotler and Keller (2009) stated that loyalty is a deeply held commitment to support a preferred product or service in the future even though the influence of the situation and marketing efforts have the potential to cause customers to switch. Loyalty according to Tjiptono (2011) "behavior solely concerns the same thing repeatedly.

Customer Loyalty Indicators Foster and Candongan (2000:127). Customer loyalty is the attitude of customers in determining the products or services of a company that provide satisfaction with the product.

1. The existence of varied products.
2. Adequate service quality.
3. The existence of high interest rates.
4. Complete facilities.
5. Determination of customer policies.

Theoretical framework of thought

Haryanto, (2001,:99) The theoretical framework of thought is the basis for explaining or describing the researcher's thought process related to the variables studied. Thus the framework of thought that will be found is as follows:

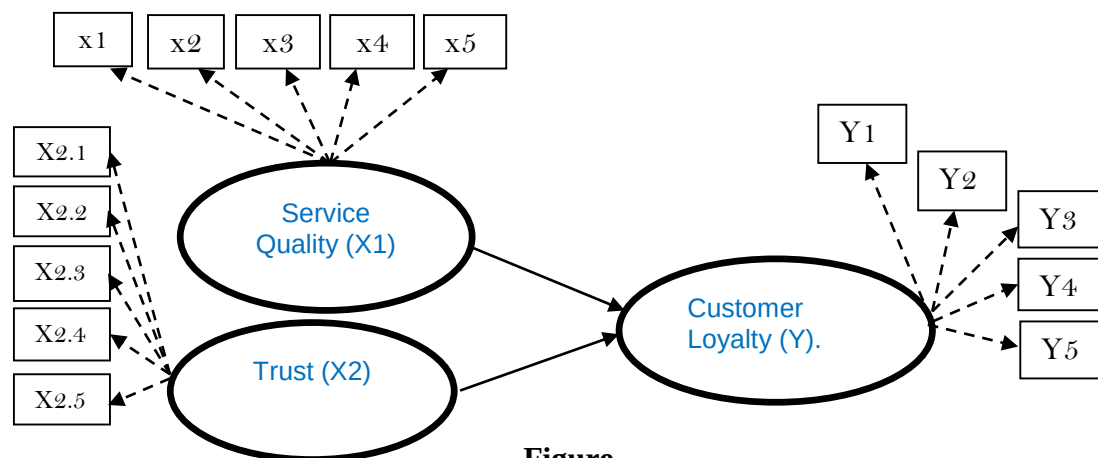


Figure
Theoretical framework

3. Research Methodology

Type of Research

The type of research used is a survey research type which is one of the most widely used social research methods. the number of samples targeted for observation is quite large, and the data collection method is quantitative and the data source is primary which is carried out using a questionnaire device, Bagong Suyanto & Sutinah (2005: 41).

Population is a generalization area consisting of objects or subjects that are certain qualities or characteristics determined by researchers to be studied and then drawn conclusions Sugiyono (2002: 57). So the population in this study can take all customers who get credit at the LSM moris rasik in Atabae District, as many as 100 (people) customers. So the sample in this study uses the Taro Yamane 1973 formula as follows:

$$n = \frac{N}{N(d)^2 + 1}$$

So the number of samples in this study is 50 customers, with a sampling technique or anyone as long as they are trusted by customers can be used as a sample when researchers are in the field.

4. Discussion and Research Results

Data quality test can be divided into several parts as follows:

a. Validity Test

Data Validity Test for Service Quality Variable (X1)

Item-Total Statistics

Indicator	Corrected Item-Total Correlation	Standard	Information
Tangible	0,702	0,30.	Valid
Responsive	0,778	0,30.	Valid
Reliability	0,735	0,30.	Valid
Assurance	0,559	0,30.	Valid
Empathy	0,702	0,30.	Valid

Source from SPSS 21

Validity Test of Trust Variable (X2)

Item-Total Statistics

Indicator	Corrected Item-Total Correlation	Standard	Information
Reliability	0,554	0,30	Valid
Honesty	0,461	0,30	Valid
Care	0,470	0,30	Valid
Credibility	0,482	0,30	Valid
Confidence	0,352	0,30	Valid

Source from SPSS 21

Customer Loyalty Data Validity Test (Y)

Item-Total Statistics

Indicator	Corrected Item-Total Correlation	Standard	Information
Various products	0,659	0,30	Valid
Adequate service quality	0,730	0,30	Valid
Large interest rates	0,612	0,30	Valid
Complete facilities	0,669	0,30	Valid
Determination of customer policies	0,449	0,30	Valid

Source from SPSS 21

b. Reliability Test

Service Quality Variable (X1), Trust Variable (X2) and Customer Loyalty Variable (Y).

Reliability Statistics

Variable	Cronbach's Alpha	Standard	Information
Service Quality (X1)	0,868	0,60	Reliabel
Trust (X2)	0,706	0,60	Reliabel
Customer Loyalty (Y)	0,822	0,60	Reliabel

Source from SPSS 21

c. Regression

Multiple Linear Regression Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-0,131	1,555	
	Service Quality (X1)	0,285	0,075	0,302
	Trust (X2)	0,734	0,084	0,688

a. Dependent Variable: Customer Loyalty (Y)

Source from SPSS 21

d. Determinant Coefficient (R²)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,893 ^a	0,797	0,788	1,46055
a. Predictors: (Constant), Trust, Quality of Service				
b. Dependent Variable: Customer Loyalty				

Source from SPSS 21

e. Hypothesis Tester

Test Results (T)

Model		t	Sig.	Collinearity Statistics	
				Tolerance	VIF
1	(Constant)	-0,085	0,933		
	Service Quality (X1)	3,810	0,000	0,690	1,450
	Trust (X2)	8,690	0,000	0,690	1,450

Source from SPSS 21

5. Conclusion

Based on the results of the analysis by conducting multiple linear regression tests and hypothesis tests, it is known that:

1. The first hypothesis (H1) is the Service Quality variable (X1) on the Customer Loyalty variable (Y), this can be seen from the Tcount value on the Service Quality variable (X1) is 0.285 and the Ttable value is 2.011, because $0.285 < 2.011$, with a significance level of 0.000. So it can be concluded that H0 is rejected and Ha is accepted, meaning that there is no positive and significant influence between the independent variable of Service Quality (X1) on the dependent variable of Customer Loyalty (Y).
2. The second hypothesis (H2) namely the Trust variable (X2) has no positive and significant influence on the Customer Loyalty variable (Y) can be seen from the T-value on the Trust variable (X2) is 0.734 and the T-table value is 2.011 because $0.734 < 2.011$, with a significance level of 0.000. So it can be concluded that H0 is rejected and Ha is accepted. This means that there is no positive and significant influence between the independent variable of Trust (X2) on the dependent variable of Customer Loyalty (Y).
3. The Third Hypothesis H3 namely the Service Quality Variable (X1), Trust variable (X2) and Customer Loyalty variable (Y), then seen from the calculated F value of 92.026 and the F-table value of 2.802 because $92.026 > 2.802$, with a significance level of 0.000, meaning that the two independent variables (X1 and X2) together have a positive and significant influence on the dependent variable (Y).

Recommendations

Based on the results of the research and discussion conducted, the author recommends to future researchers:

1. Further researchers must conduct research using many respondents so that they can be studied in depth regarding the existing problems.

2. The independent variables used in this study are only 2 free variables, to conduct further research use more than 2 free variables or independent variables.

References

- Kasmir. (2002). *Dasar-dasar perbankan*. Jakarta. PT. Grafindo prasada.
- Arikunto, Suharsimi. (2002). *Prosedur Penelitian Suatu Pendekatan Praktek*. Edisi Kelima: Riheka Cipta. Jakarta.
- Sugiyono. (2007). *Metode Penelitian Bisnis*. Alfabeta. Bandung.
- Tjiptono, Fandy, (2006). *Pemasaran Jasa*, Bayumedia, Malang
- Kotler, Philip & L. Keller Kevin, (2009). *Manajemen Pemasaran*, Alih Bahasa: Benyamin Molan, Jilid 1: Cetakan IV, PT. Indeks, Jakarta.
- S. Gunarso. (1985). *Psikologi Remaja*. Jakarta: Andi Offset.
- Slovin, Husein Umar. (2010). *Riset Pemasaran dan Prilaku Konsumen*. Cetakan ketiga, Jakarta: Gramedia Pustaka Utama.
- Soemitro, Andri. (2010). *Bank dan Lembaga Keuangan Syariah*. Jakarta: Kencana.