The Influence of Service Quality and Employee Performance on Customer Satisfaction in the Maja Langu Savings and Loan Cooperative, Denpasar

Anak Agung Ngurah Bagus WIRAGUNA[1], A. A. Sri PURNAMI[2], A.A Ketut JAYAWARSA[3], I Gusti Ayu Athina WULANDARI[4]

[1,2,3,4]Faculty of Economics and Business, Warmadewa University, Indonesia

Abstract:

Purpose:
In the competitive business world, customer satisfaction is the main focus for companies. It is not just a goal but also the key to attracting and retaining consumers. This study investigates the influence of service quality and employee performance on customer satisfaction at the Maja Langu Savings and Loans Cooperative, Denpasar.

Methodology:
64 respondents were successfully obtained by applying the purposive random sampling method and considered representative of the overall sample. Data analysis was carried out using multiple linear regression after undergoing instrument and classical assumption tests. The approach used is quantitative, with a questionnaire as the data collection instrument.

Findings:
The research results show that service quality and employee performance positively and significantly impact customer satisfaction at KSP Maja Langu, Denpasar. These two factors individually have a positive and significant influence on customer satisfaction

Implication:
These findings have important implications for the management and employees of KSP Maja Langu in maintaining and increasing customer satisfaction. Improving service quality and employee performance will help increase customer satisfaction at the Maja Langu Denpasar Savings and Loans Cooperative.

INTRODUCTION

In the competitive business world, customer satisfaction is the main focus for companies. Customer satisfaction is not just a goal but also the key to attracting and retaining consumers. High-quality service is the basis for companies to build harmonious customer relationships, encourage repeat purchases, build loyalty, and create positive recommendations through word of mouth (Tjiptono, 2014).

According to Lovelock and Wirtz, quoted by Tjiptono (2016), customer satisfaction is an evaluation influenced by customers' experiences. Kotler (2014) describes satisfaction as a feeling of pleasure or disappointment that arises after comparing product results with customer expectations. On the other hand, service quality also determines customer satisfaction. Consumer expectations for satisfactory service are an essential factor before making a purchase.

Research by I Made Widana (2017) shows that service quality positively and significantly affects customer satisfaction at the Dharma Utama Mandiri Savings and Loans Cooperative, Tegallalang District, Gianyar. Similar findings were also revealed by Lesly Astuti Putri Lubis (2018), who highlighted the positive and significant influence of service quality and employee performance on customer satisfaction.

According to Kottler (in Melayu, 2020), service quality is one of the leading marketing strategies for meeting customer needs. Improving service quality is the key to creating an experience that meets customer expectations.

Apart from service quality, employee performance is essential in determining customer satisfaction. Good performance will help the company achieve targets and gain profits.

This research focuses on KSP Majalangu, a savings and loan cooperative in Denpasar. With fluctuations in the number of members and customers from year to year, the role of management and employees in dealing with market changes becomes crucial. Preventive efforts and improving service quality are essential strategies for KSP Majalangu to maintain customer satisfaction (Saputra & Jayanti, 2019).

This research aims to answer the gaps in previous findings, contribute to the development of knowledge and provide a basis for consideration for companies, especially in developing marketing strategies related to service quality, employee performance and customer satisfaction. It also aims to become a reference for future research.

Customer Satisfaction. According to Alma and Buchori (2011), customer satisfaction is an evaluation or pleasure customers feel after comparing the performance or results obtained with their hopes or expectations. It includes customers' perceptions of the quality of the products or services they receive, their experiences while interacting with the company, and the extent to which the company meets or even exceeds those customers' expectations. Customer satisfaction is an essential indicator of a company's success because it can influence customer loyalty, repeat purchases, and recommendations to other people through word of mouth. Therefore, companies must strive to improve the quality of products and services and understand and meet customer needs and expectations well.

Service Quality. Tjiptono and Chandra (2016) explain that Service Quality is the ability to achieve the expected standards of excellence and manage these standards effectively to meet customer needs and desires.

Employee Performance. Mangkunegara (2016) explains that employee performance results from a process monitored and assessed over a certain period based on predetermined criteria or standards.

METHODS

The research was conducted at the Maja Langu Savings and Loans Cooperative, North Denpasar, Denpasar City. The population is 158 customers, with 64 customers as samples. The aim is to examine service quality and employee performance and their impact on customer satisfaction. Sampling method: purposive random sampling. Independent variables: service quality and employee performance; dependent variable: customer satisfaction. Service quality is measured through various indicators such as tangibility, reliability, responsiveness, certainty and empathy. Employee performance is measured through quantity, quality, timeliness, cost reduction, supervision, and employee relationships. Data is collected through observation, documentation and surveys. Data analysis uses descriptive statistical techniques, validity tests, reliability tests, classical assumption tests, multiple linear regression analyses, partial significance tests, and coefficient of determination using SPSS. The research results will provide an in-depth understanding of factors affecting cooperative customer satisfaction.

RESULTS AND DISCUSSION

Validity test

Table 1. Validity Test Results of Research Instruments at the Maja Langu Savings and Loans Cooperative

No	Variable	Item	Validity	
			Coefficient Correlation	Information
1	Customer Satisfaction (Y1)	Y1.1	0,823	Valid
		Y1.2	0,863	Valid

		Y1.3	0,712	Valid
		Y1.4	0,836	Valid
		Y1.5	0,885	Valid
		Y1.6	0,694	Valid
2	Service quality (X1)	X1.1	0,889	Valid
		X1.2	0,922	Valid
		X1.3	0,740	Valid
		X1.4	0,915	Valid
		X1.5	0,834	Valid
		X1.6	0,879	Valid
		X1.7	0,637	Valid
		X1.8	0,569	Valid
3	Employee performance (X2)	X2.1	0,919	Valid
		X2.2	0,940	Valid
		X2.3	0,913	Valid
		X2.4	0,940	Valid
		X2.5	0,917	Valid
		X2.6	0,928	Valid
		X1.7	0,617	Valid
		X1.8	0,527	Valid

Table 1 shows the validity testing results for the three variables, namely service quality, employee performance and customer satisfaction, with 22 question items. All question items are valid because they have a corrected item-total correlation value above 0.30.

Reliability Test.

Table 2. Reliability Test Results on the Maja Langu Savings and Loans Cooperative

Variable	Cronbach's alpha If Item Deleted	R Standard	Ket.
Service quality (X1)	0,790	0,60	Reliable
Employee performance (X2)	0,795	0,60	Reliable
Customer Satisfaction (Y1)	0,800	0,60	Reliable

Based on Table 2 above, Cronbach's Alpha coefficient value is above 0.60, which means that all of these instruments are valid and reliable, allowing the research data to be continued.

Normality test.

Table 3. One-Sample Kolmogorov-Smirnov Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		64
Normal Parameters[,b]	Mean	.0000000
	Std. Deviation	1.78793374
Most Extreme Differences	Absolute	.192
	Positive	.192
	Negative	-.120
Test Statistic		.192
Asymp. Sig. (2-tailed)		.200[c]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Table 3 shows that the Asymp. Sig. 0.200. Because of the value of Asymp. Sig. is more significant than alpha 5 percent; the data is usually distributed.

Autocorrelation Test.

Table 4. Autocorrelation Test Results

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin - Watson
1	.756[a]	.571	.557	1.81701	1.731

a. Predictors: (Constant), X2, X1

b. Dependent Variabel: Y1

Table 4 shows that the calculated Durbin-Watson value is 1.731 compared to the upper limit (dU) of 1.660 and the lower limit (4-du) of 2.269. Because this value is between these two limits, it can be concluded that there is no indication of autocorrelation in the multiple linear regression analysis, so the research hypothesis test can be continued.

Multicollinearity Test.

Table 5. Multicollinearity Test (Tolerance and Variance Inflation Factor)

Coefficients[a]		
	Collinearity Statistics	
Model	Tolerance	VIF

	B	Std. Error
(Constant)		
Service quality	.370	1.804
Employee performance	.456	1.804

The results of the multicollinearity test in Table 5 show that each variable has a Variance Inflation Factor (VIF) value of less than 10. The tolerance value is above 10% or 0.1. So, it can be concluded that there is no multicollinearity relationship between the independent variables

Table 6. Heteroscedasticity Test (Glesjer Test)

	Coefficients^a					
	Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	3.091	1.367		2.261	.000
	Service quality	.493	.272	.608	1.812	.044
	Performance Employee	.498	.246	.675	2.012	.000
a. Dependent Variabel: Y1						

Based on Table 6 above, each model has a significance value of less than 5%. It shows that the independent variable used in this research does not significantly affect the dependent variable, namely absolute error. Therefore, this research is free from symptoms of heteroscedasticity.

Multiple Linear Regression Analysis.

Table 7. Multiple Linear Regression Analysis Test Results

	Coefficients^a					
	Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	9.560	1.870		5.113	.000
	Quality Service	,244	.074	.370	3.286	.002
	Performance Employee	,249	.061	.456	4.051	.000
a. Dependent Variable: Y1						

Based on Table 4.13, the multiple linear regression equation can be written as follows.

$$Y = a + b_1X_1 + b_2X_2 + e$$
$$Y = 0{,}370\ X_1 + 0{,}456\ X_2 + e$$

Where:

X1 = independent variable (Service Quality)

X2 = independent variable (Employee Performance)

Y = dependent variable (Customer Satisfaction)

a = constant, intersection of the line on the Y-axis

b = regression coefficient

e = error

t test.

Table 8. T-test results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	**Std. Error**	**Beta**		
1	(Constant)	9.560	1.870		5.113	.000
	Quality Service	,244	.074	.370	3.286	.002
	Employee performance	,249	.061	.456	4.051	.000

Based on Table 8 above, the significance values for the service quality and employee performance variables are 0.002 and 0.000 (<0.05), respectively. Therefore, service quality and employee performance variables partially influence customer satisfaction.

Determination Analysis (R2).

Table 9. Determination Analysis Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.756ᵃ	.571	.557	1.81701

a. Predictors: (Constant), X2, X1

b. Dependent Variabel: Y1

Based on these results, it was concluded that 57.1% of the level of customer satisfaction at KSP Maja Langu Denpasar was related to service quality (X1) and employee performance (X2). In comparison, 42.9% were influenced by other factors not investigated in this research.

CONCLUSION

Based on data analysis and discussion regarding the impact of service quality and employee performance on customer satisfaction at the Maja Langu Denpasar Savings and Loans Cooperative, these two factors positively and significantly influence customer satisfaction. Improving service quality and employee performance will help increase customer satisfaction at the Maja Langu Denpasar Savings and Loans Cooperative.

Suggestion. Carry out continuous evaluation and improvement of the quality of services provided to customers. It can be done through employee training and development, implementing a quality control system, and collecting customer feedback to improve service standards continuously.

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