Effect of Service Quality on Customer Trust and Its Implications on Customer Satisfaction

Dudung Juhana
Sekolah Tinggi Ilmu Ekonomi Pasundan, Bandung
E-mail: dudung@stiepas.ac.id

ABSTRACT

Customer satisfaction in the pawnshop service industry requires improving service quality, and trust is mainly managed by the company well. This reason, there is a need for research on the effect of the influence of service quality on customer trust and its implications for customer satisfaction. Problem-solving proposed in this study uses a survey approach of 217 customers in a pawnshop in the Majalaya region. Data analysis used structural parametric equation modeling analysis techniques. The results of the study prove there is an influence of service quality on customer trust and its implications on customer satisfaction. The consequences of the results of the study indicate that to increase customer trust and satisfaction, and it is necessary to improve the quality of service, such as the need to consider increasing loan platpond for customers. They are expanding the ability and skills possessed by front line officers to increase customer confidence and give rewards to loyal customers.

Keywords: service quality, trust, satisfaction, customers.

INTRODUCTION

Business competition in the field of inter-company services has become very tight both in the domestic and international markets. Service companies that want to develop must be able to provide quality services at competitive prices, faster delivery, excellent service to customers than competitors. (Lindgreen, Hingley, Grant & Morgan, 2012)

Customer satisfaction in the pawnshop service industry requires improving service quality, and trust is mainly managed by the company well. The company, as a system, must also satisfy customers to produce satisfying services. The customer desires to obtain superior service quality compared to other services based on expectations and perceptions of the services they consume. (Hill & Brierley, 2017).

The pawn industry today has grown and developed very rapidly. This reason is due to the increasing economic growth of the people and the growing need for capital. The pawn industry with jewelry/gold collateral is a pawn industry that is in high demand by companies engaged in financial institutions. (Milner &Rosenstreich, 2013).

One way that a company's service factually, a company that is superior compared to similar companies, is based on the quality of the services it provides and meets customer expectations. Assessment of the quality of service felt by customers obtained from the experience and expectations of the services they consume, the level of importance of the experience determines whether or not the quality of service expected. And after enjoying these services, they tend to compare it with what they expect.

The company's failure to provide the quality of services it offers is due to the lack of customer expectations for the services it consumes. (Van Doorn, Lemon, Mittal, Nass, Pick, Pirner&Verhoef, 2010; Sidharta, Affandi & Priadana, 2016) It is a challenge that companies need to face to realize the quality that can be done by planning systematically, measurably, and relevantly according to the needs and desires of customers.

Trust is part of the results of a strong belief that those who can be trusted are those who have comfort and reliability, high integrity and have relationships with quality such as consistent, competent, honest, fair, responsible, and kind. (Kassim & Abdullah, 2010). People tend to buy brands that are already known because they feel safe with something that is known. Or maybe there is an assumption that a brand that is previously known as the possibility of dependable bias, stability in business, and quality that can account for brand awareness

factor is essential, where the brand is the first consideration when buying a product. (Heffernan, O'Neill, Travaglione & Droulers, 2008)

Zhu & Chen (2012) show that there is a very high correlation between trust and customer satisfaction. According to Wilson, Zeithaml, Bitner & Gremler (2016), in general, customer satisfaction based on the level of perception of service gaps that it consumes with the desired expectations. Gaps in the services they obtain will lead to customer confidence in consuming them further and can recommend them to other parties.

Customer trust is closely related to his emotional feelings in connection with the services he consumes so that the services offered by the company expected to provide emotional feelings that the service provides a sense of trust that has an impact on customer satisfaction.

Increased customer confidence can provide a variety of benefits such as reducing customer movement in similar services, decreasing customer confidence in the services offered, and the impact of selling services provided by the company.

Trust in the minds of customers is formed from past experiences and previous interactions (Walsh & Mitchell, 2010). Previous research conducted by Kassim& Abdullah (2010) found results that trust will influence customer satisfaction. Trust is a crucial factor in customer satisfaction, which is a perception that involves positive, convincing expectations about other motives regarding someone in an at-risk. (Roy, Eshghi & Shekhar, 2011) Trust is not only predictability but confidence in dealing with risk.

Martínez& del Bosque (2013) states that trust in service providers is a sense of security and the fulfillment of consumer expectations. So

that trust is not only predictable but how we believe and believe we can face future risks. Through trust in brand names that have a reputation for quality can be useful to reduce risk. (Zhu & Chen, 2012).

Customer trust is the willingness of one party to accept risk from the other party based on the belief and expectation that the other party will take action as expected, even though the two parties do not know each other. (Zhu & Chen, 2012) Consumer trust will have an impact on consumer satisfaction.

Based on this phenomenon, the researcher intends to find out the magnitude of the effect of service quality on trust and its implications for customer satisfaction.

RESEARCH METHODS

The research was carried out for five months in 2018 with the object of study being service quality, trust, and customer satisfaction in pawnshop companies in Majalaya and testing the research hypothesis using a sample that is done by probability sampling. Sampling is carried out for five working days during corporate operating hours by giving questionnaires to customers who make transactions. During the sampling period, 233 questionnaires distributed, but only 217 questionnaires could be further analyzed because there were several incomplete questionnaires.

The variables in this study are service quality adapted from research conducted by Guo, Duff & Hair (2008), who developed the Chinese Banking Service Quality model with four dimensions, namely Reliability, Human capital, Communication, and Technology with validation levels between 0.88 - 0.93.

Whereas customer trust adopts from instruments developed by Heffernan, O'Neill, Travaglione & Droulers (2008) consisting of credibility, integrity and benevolence which are then validated by Roy, Eshghi & Shekhar (2011) into three dimensions namely disposition to trust, cognitive trust and affective trust, however, only two significant aspects are disposition to trust and affective trust with a validity level between 0.78 - 0.84.

Customer satisfaction adopts from Eggert & Ulaga (2002), which develops banking customer satisfaction based on the perceived value of purchasing managers in Germany with a validity level of 0.89.

Validity and reliability tests used to determine the extent of the quality of data collected with the data that occurs on the object under study. The analysis technique used is the non-parametric structural equation modeling.

The results of testing the validity and reliability of research instruments can translate in the following table 1.

Table 1. Validity and Reliability of research instruments.

Instrument	Service Quality	Trust	Satisfaction
kep4	(0.775)		
kep5	(0.594)		
kep6	(0.638)		
kep8	(0.505)		
kepll	(0.596)		
kepl3	(0.589)		
kepl4	(0.587)		
keper3		(0.741)	
keper9		(0.740)	
keperl5		(0.667)	
keperl6		(0.886)	
Satl			(0.830)
Sat2			(0.841)
Sat3			(0.620)

	Service Quality	Trust	Satisfaction
R-squared		0.018	0.142
Adj. R-squared		0,013	0,134
Composite reliab.	0,809	0,846	0,811
Cronbach's alpha	0,723	0,755	0,749
Avg. van extrac.	0,580	0,582	0,593
Full collin. V1F	1,134	1,026	1,160
Q-squared		0,018	0,145

The calculation results show that the validity of the service quality variable is between 0.587-0.775 with the reliability of 0.723; the trust variable ranges from 0.667-0.886 with a reliability level of 0.755. In contrast, the satisfaction variable ranges from 0.620-0.841, with a reliability level of 0.749.

RESULTS AND DISCUSSION

In this respondent's characteristics, the sample of the study is 217 customers with a proportion of the grouping of respondents based on the amount of loan money most of the respondents in this study are respondents whose loan money is between Rp.550,000 to Rp.5,000,000 which is 59%.

The results of the calculation of the research hypothesis test can see in table 2 below:

Table 2. The Research Hypothesis Test

	Path coefficients	P values	Decision
Serv - > Trust	0,133	0,023	Accept
Serv - > Satisfaction	0,342	0.000	Accept
Trust - > Satisfaction	0,134	0,022	Accept

Table 2 above shows that the entire research hypothesis shows a p-value below 0.05, the calculation results above indicate that there is an influence of service quality on customer confidence and its implications for customer satisfaction. Furthermore, the calculation results can illustrate, as shown in Figure 1 below:
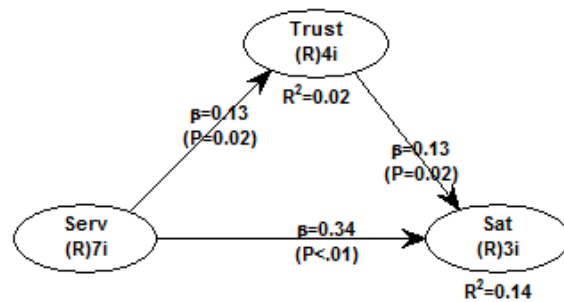

Figure 1. Results of data analysis calculations

The fit model is found with the Average path coefficient = 0.203, P <0.001, Average R-squared = 0.080, P = 0.058, Average adjusted R-squared = 0.074, P = 0.068 with the small criteria of Tenenhaus GoF (GoF) = 0.204.

Service quality can increase customer trust (Lindgreen, Hingley, Grant & Morgan, 2012) and influence satisfaction (Hill & Brierley, 2017). Quality of service encourages customers to commit to the products and services of a company so that it has an impact on increasing the market share of a product. Quality of service is crucial in maintaining customer confidence for a long time. With the creation of quality service quality can provide benefits for companies such as increasing customer loyalty (Hill & Brierley, 2017).

The threat of high levels of competition between companies can create a competitive match with many alternatives, of course, with the various options available that will cause a variety

of consumer choices so that services can meet the expectations of customers who can only compete (Lindgreen, Hingley, Grant & Morgan, 2012).

Zhu & Chen (2012) show that there is a very high correlation between trust and customer satisfaction. According to Wilson, Zeithaml, Bitner & Gremler (2016), in general, customer satisfaction based on the level of perception of service gaps that they consume with the desired expectations. Differences in the services they obtain will lead to customer confidence in consuming them further and can recommend them to other parties. Customer trust is closely related to his emotional feelings in connection with the services he consumes so that the services offered by the company expected to provide emotional feelings that the service provides a sense of trust that has an impact on customer satisfaction.

This result shows that customer trust can increase customer satisfaction. Trust in the minds of customers is formed from past experiences and prior interactions. The same thing state by Walsh & Mitchell (2010) that trust determined by the customer's knowledge of the satisfaction decisions he feels. Previous research conducted by Kassim & Abdullah (2010) found results that belief will influence customer satisfaction.

Based on the results of data processing, it can conclude that the variable service quality is in pretty good criteria with an average value of 3.26. The highest order in the statement has complete equipment to estimate collateral while the lowest is the ability to approve the ceiling given precisely.

Quality starts with the needs of consumers and ends on consumer perception (Wilson, Zeithaml, Bitner&Gremler, 2016). These conditions can interpret that sound quality is

seen from the understanding of consumers, not from the opinion of the company.

Based on the results of data processing, it can conclude that the variable of customer trust is in quite good criteria with an average value of 3.20. The highest order in the statement that employees have good work experience, while the lowest is the employee can carry out work. According to Zhu & Chen (2012), one of the main objectives of marketing activities is often seen from the achievement of customer trust. Customer trust is an essential part of repeat purchases to customers (Caruana, 2008). According to Walsh & Mitchell (2010), customer trust has a positive correlation with customer satisfaction. Customer satisfaction is the key to creating customer trust.

Based on the results of data processing, it can conclude that the variable service quality is in pretty good criteria with an average value of 3.37. The highest rank on location passed by public transportation while the lowest is like giving the right gift for a particular loan.

The goal is to engage customers to involve customers in the development of products and services so that the company can meet customer expectations, even if it might exceed their expectations. An accurate perception of customer expectations is necessary, but not enough to give satisfaction to the customer. Companies must realize customer expectations into design and customer satisfaction standards.

CONCLUSIONS

Based on the results of the discussion, it can conclude that the service quality is quite a good category. But there is still a statement with the lowest average value, namely the explanation of the ability to approve the ceiling given precisely. Customer confidence is quite a

good category. But there is still a statement with the lowest average value of employees having the ability to carry out work.

Customer Satisfaction is in quite a good category. But there is still a statement with the lowest average value of giving the right gift for a particular loan. Service quality influences trust and have implications for customer satisfaction. For this reason, the company needs to consider increasing the loan platpond for customers, improving the ability and skills possessed by front line officers to increase customer confidence, and give rewards to loyal customers.

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