A Moderating Effect of Commitment and Customers' Satisfaction on the Effect of Service Quality to the Customers' Perpetuation in People's Credit Bank (Bank Perkreditan Rakyat/BPR) in Makassar

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Abstract: This research was conducted in order to test and assess the interaction between service quality and customer satisfaction with the commitment to the perpetuation of customers on BPR in Makassar. Research was conducted on the entire customer rural banks (BPR) in Makassar, South Sulawesi province, the sample size used was 300 respondents. Analysis equipment used in this study is a quantitative approach that is inferential statistical analysis with Structural Equation Modeling (SEM) based variance is known as a method WarpPLS.0. The results of analysis show that there is significant influence between the variables Quality of Service, Commitment and Customer Satisfaction to Customer perpetuation. It was also found that the results of the variable commitment and customer satisfaction is the moderator variable that is false and strength then the influence of service quality on customer perpetuation.

Keywords: SEM, Warpls, Quality of Service, Commitment, Customer's Satisfaction, Perpetuation of Costumers

INTRODUCTION

The development of banking industry nowadays is resulting in increasingly competitive level of competition. This condition is based on the competition of banking industries by largest asset in which Bank Mandiri ranks first with total assets of Rp. 674.74 trillion, followed by Bank Rakyat Indonesia which has total assets of Rp. 621.98 trillion, and the third, Bank Central Asia with total assets of Rp. 512.84 trillion. By the Government Regulation in 1988, October 27 package (Pakto 88) on the ease in establishing the bank, banking financial institutions grow rapidly.

The role of banking also stimulates economic growth in Indonesia by providing and distributing credit. Referring to the Act No. 10 of 1998 concerning Banking that Bank is a corporate entity mobilizing funds and channeling them to the public in the forms of Credit and/or other forms. Experience proves,

satisfied and loyal customers will build more solidly customer based for the future of a bank. By expanding customer based, it is expected that customers are not vulnerable to changes in interest rates and the bank could still earn a good margin. Tjiptono (2000) adds that service quality has a close relationship with customers' satisfaction.

Relationship marketing is basically a fundamental correction on the thought and practice of marketing that has been there before that more emphasizes on the principle of transaction (one-time transaction). This concept concerns with the sales that have occurred and sustainable. The marketing concept that embraces transaction marketing assumes that marketing process has ended when the transaction has completed. While relationship marketing concerns with the transaction in progress and uses it as the basis for a sustainable relationship marketing. In other words, relationship marketing will always try to extend the life and the customers' life time as individuals who transact (Berman, 1996).

Relationship marketing considers the characteristics of the service, and the quality of certain service. In this case, the service which is comprised of intangible (abstract) service where production, delivery, and consumption apply simultaneously and where there is no ordinary transfer of ownership (Grónroos, 1990b). The marketing concept today more focuses on the concept of customer retention and builds the loyalty to the products and services provided by the company. There is a change of marketing orientation from the focus on "what we sell" becomes "what customers buy," and the company is required to maintain a relationship with its customers is considered.

The purpose of relationship marketing according to Zeithalm and Bitner (2000) is to maintain and retain existing customers rather than to find new customers. Looking for new customers costs much greater than maintaining existing customers. This is consistent with the concept of customer profitability requiring that not all consumers will give a maximum profit for the company. If the company already has customers who can provide maximum profit, then it must be retained.

The world of banking is one business world that cannot be separated from complex competition. Competition by the respective banking institutions forces the bank's management to think about how the customers to remain loyal to them. The relationship between the concept of relationship marketing and customers' intention to re-purchase is one precise concept that can be used by banking industries in building loyal attitude and intention to re-purchase for their customers. Based on this, a study was conducted which aimed to test and assess the interaction between service quality and commitment and customers' satisfaction to the perpetuation of customers in *BPR* of Makassar.

In previous study, there was a discrepancy of study on the perpetuation of customers, i.e.: the study on the perpetuation of customers associated with the still limited commitment (Moliner et al., 2007; Hazra & Srivastava, 2009; Trasorras, et al., 2009). The lack of research in banking sector particularly in the perpetuation of customers or the number of customers and the interest of the customers to use bank services are quite large. The study of the service quality and commitment associated with the perpetuation of customers or intention to re-purchase is still very limited (Dimitriades, 2006; Hazra & Srivastava, 2009; Ndubisi et al., 2007). Therefore, this study enhanced the previous studies by exploiting the use of the moderating effect between the variables of service quality and commitment and customer satisfaction to the perpetuation of customers.

THEORETICAL BACKGROUND

The growing importance of service quality for a company has led many researchers to look for an understanding of the meaning or significance of the service, how to assess the service quality, and how to improve the delivery of service to customers. Service has been conceptualized as a process defined by four characteristics (Zeithaml et al., 1991). First, most of the services are abstract (intangible)—that service is the performance of the object. Second, production and acceptance of service are generally inseparable. Third, service mostly uses heterogeneous labor: the quality and essence of service conducted by the company may vary, may differ between one customer and other customers, and may differ from day to day. Eventually, service is perishable, which means the service products cannot be stored.

Nowadays, the interest in the study of service marketing, especially on service quality and customer satisfaction has grown. Many studies have been carried out by applying the theory and rules relating to the service industry, especially in banking industry. Angur, Nataraajan & Jahere (1999) use SERVPERF and SERVQUAL frameworks in the retail banking industry. Avkiran (1994), Hazra & Srivastava (2009) and Pedersen & Nysveen (2004) have also recommended an instrument to measure the quality of banking.

Customer perception on service quality is a thorough assessment on the benefits of a service. Parasuraman et al. (in Parawansa; 2015) has simplified a thorough assessment on the service quality into five dimensions, i.e. reliability, tangible, responsiveness, empathy, and assurance. Zeithaml et al. (1996) states, service quality is a concept consisting of five dimensions, i.e.

(1) Tangible (physical evidence), i.e. the real evidence that the company provides to customers like physical facility, equipment, offices, and communication materials.

(2) Reliability, i.e. the ability to perform the promised service accurately and trustworthy;

(3) Responsiveness, i.e. the willingness to help customers by providing a good and fast service;

(4) Empathy, i.e. the effort to know and understand the needs of customers on an individual basis;

(5) Assurance, i.e. the knowledge and friendliness of employees and the employee's ability to be trusted and believed. The measurements of the service quality provided by Zeithaml et al. (1996) above are the most widely studied dimensions in service marketing research and have developed SERVQUAL scale that cover questions about the expectations of consumers on the service quality received by customers.

In general, previous studies on customer loyalty are associated with service quality (Zeithaml *et al*, 1996; Alexandris et al, 2002), service quality and customers' satisfaction (Cronin and Taylor, 1992), service quality, value, and satisfaction (Cronin et al., 2000), and customer satisfaction (Soderlund and Ohman, 2003) as well as the influence of service brand to customer loyalty with mediation/through customer value (Brodie, Whittome & Brush (2009). The studies on the perpetuation of customers linked to the service quality, commitment, and customer satisfaction are so little. One study about the intention of consumers associated with trust and commitment was conducted by Garbarino and Johnson (1999). They did not include service quality, but attitude component as an antecedent. In addition, they did not examine the relationship between satisfaction and commitment, satisfaction and trust, and satisfaction and customers' intention to re-purchase, so they proposed to make the link.

The perpetuation of customers is the primary goal of relationship marketing; also, often be equated with the concept of relationship marketing itself. The relationship between the perpetuation of customers and profits has been the focus of study of relationship marketing (Sheth, 1996). Hennig-Thurau, Gwinner, and Gremler (2002) confirm the major issue in perpetuation is that customers' loyalty positively affects the company's profit from the effect of a reduction in the costs incurred by the company.

Some studies showed that overall, customers' satisfaction and commitment are the most excellent tools to forecast the re-purchase that gives effect to the increase in profits (Bontis *et al.*, 2007; Keiningham *et al.*, 2007; Molinari *et al.*, 2008). Loyalty is a strong commitment to re-purchase a product or service through word of mouth (Bontis *et al.*, 2007; Molinari *et al.*, 2008) or re-elect a product or service consistently in the future (Oliver in Pedersen & Nysveen, 2004).

MATERIAL AND METHOD

This study wanted to test and examine the interaction between service quality and customer satisfaction commitment to the perpetuation of customers on BPR in Makassar. This study was conducted in all customers of People's Credit Bank (*BPR*) in Makassar, South Sulawesi Province. Based on practical consideration, the sample size was 300 respondents. This amount has been qualified the use of structural analysis as proposed by Hair et al. (2010). The data collection was through questionnaires performed by selecting the customers who deposit or withdraw the savings. With this condition, the data collection technique used was accidental sampling. Accidental sampling is a technique of determining the sample based on chance, i.e. anyone who by chance met by the researcher can be used as a sample, if the person is considered suitable as a data source (Sugiyono; 1994).

To measure the variables, questionnaires distribution was conducted to the respondents. A score was given for each answer and the score obtained was using Likert Scale. A score or weight used was very agree (5) to very disagree (1). Analysis equipment used in this study was a quantitative approach, i.e. inferential statistical analysis with variance based Structural Equation Modeling SEM that is known as WarpPLS.0 method. Model By Engaging Moderation (Hypothesis 1-5)

$$Y = \gamma_1 X + \gamma_2 M_1 + \gamma_3 M_2 + \gamma_4 X^*M_1 + \gamma_5 X^*M_2 + \varepsilon_i$$

Where

Y = Perpetuation of customers

X = Quality of service

M1 = Commitment

M2 = Customers Satisfaction

RESULT AND DISCUSSION

Goodness Of Fit

The model in this study was said to be fit if supported by empirical data. As it was known that the Goodness of Fit of structural model in SEM analysis was in the form of predictive-relevance value (Q^2) calculated based on R^2 value of each endogenous variable. R^2 value for each dependent variable can be seen in Table 1.
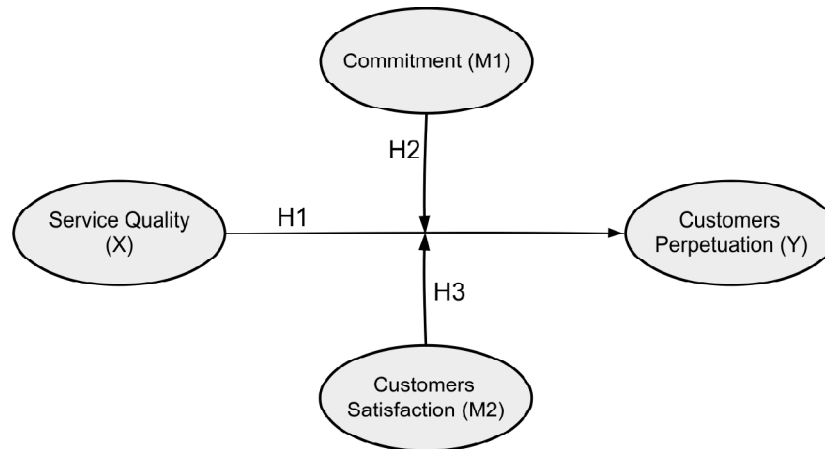
Figure 1: Conceptual Framework

Table 1
R-Square variable dependen

Variable	R-Square
Perpetuation of customers	0.759
Predictive-relevance (Q^2)	0.759

Based on Table 1, predictive-relevance value (Q^2) was 0.759 or 75.9%. This means that the model can explain the phenomenon of customers in *BPR* in Makassar, South Sulawesi Province amounted to 75.9% while the remaining of 24.1% was explained by other variables beyond the model.

Measurement Model

The following table presents the average value and outer loading of each indicator in each study variable.

Table 2
Loading Value Factor Every Indicators

Variable	Indicator	Loading Faktor	p. value
Quality of Service (X)	Trusted (X1.1)	0.705	0.000
	Tangible (X1.2)	0.810	0.000
	Responsif (X1.3)	0.652	0.000
	Security (X1.4)	0.582	0.000
	Empathy (X1.5)	0.565	Fix
Commitment (M1)	Feel has BPR (M1.1)	0.560	0.000
	feel they have an emotional bond (M1.2)	0.741	0.000
	Feel part BPR (M1.3)	0.811	0.000
	The attention to long-term success (M1.4)	0.715	0.000
	Provide advice on the development of BPR (M1.5)	0.658	Fix

cond. table 2

Variable	Indicator	Loading Faktor	p. value
Costumers Satisfaction (M2)	Satisfied with the hospitality, courtesy and honesty (M2.1)	0.680	0.000
	Satisfied with the services provided (M2.2)	0.766	0.000
	Satisfied as a customer (M2.3)	0.674	0.000
	Satisfied with the service to date (M2.4)	0.641	
	Satisfied with the performance of BPR (M2.5)	0.718	Fix
Perpetuation of Costumers (Y)	Continue to use the services of BPR due to favorable (Y.1)	0.510	0.000
	Continue to use the services of BPR for benefits (Y.2)	0.686	0.000
	Faithful to the BPR (Y.3)	0.699	0.000
	BPR has a personal meaning for customers (Y.4)	0.788	0.000
	Recommend BPR (Y.5)	0.810	0.000
	Using the services of BPR in the long term (Y.6)	0.921	0.000
	Agreed to continue to use the services of BPR (Y.7)	0.945	0.000
	Using BPR as financial services (Y.8)	0.901	Fix

Based on Table 2, the results were obtained that all indicators significantly measured the variables respectively. The analysis results also showed that the strongest indicator as a measure of Service Quality (X) was Tangible indicator (X1.2) with a loading factor value of 0.810. In Commitment variable (M1), it was found that the strongest indicator as the measure was 'Feel being part of *BPR*' (M1.3) with a loading value of 0.811. In Customer Satisfaction variable (M2), it was found that the strongest indicator as the measure was 'Satisfied with the service provided' (M2.2) with a loading value of 0.766. In the Perpetuation of Customers variable (Y), it was found that the strongest indicator as the measure was 'Agree to keep using the service of *BPR'* (Y.7) with a loading value of 0.945.

SEM Analysis

In the second part of SEM analysis was the interpretation of structural model. Structural model presented the relationship among the study variables. The coefficient of structural model stated the magnitude relationship between one variable to another variable. There was a significant effect between one variable to another variable, if P-value < 0.05. There were two effects in this study, i.e. direct and moderator effects. The analysis results are summarized in Table 3 and Figure 2.

Table 3
Structural Model SEM: Direct Effect

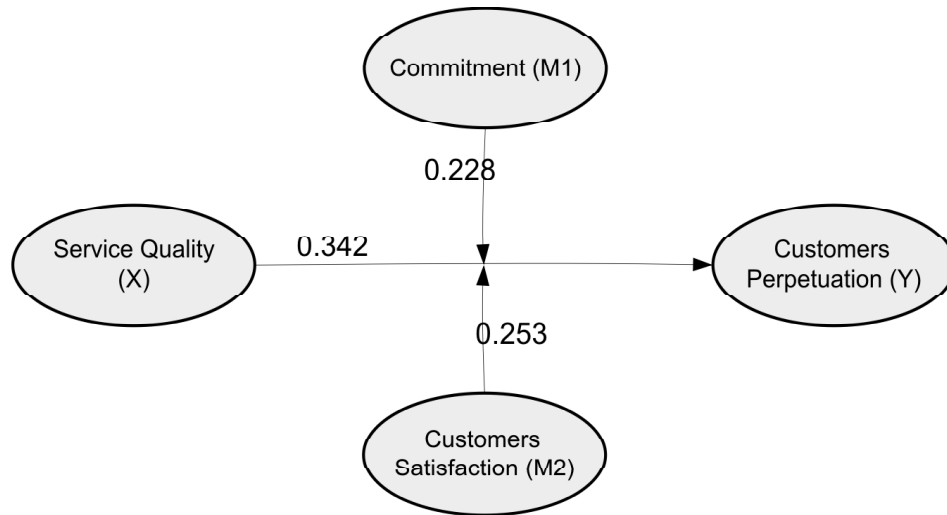| No	Relationship	Coefficient	P-value	Conclusion
1	X to Y	0.342	<0.001	Significant
2	M1 to Y	0.310	<0.001	Significant
3	M2 to Y	0.398	<0.001	Significant
4	X_M1 to Y	0.228	0.019	Significant
5	X_M2 t0 Y	0.253	<0.001	Significant

Figure 2: SEM Structural Models: Direct Effect

Based on Table 3 and Figure 2, the test results of inner model can be presented as follow:

1. From the test of direct effect of Service Quality (X) to the Perpetuation of Customers (Y), structural coefficient value of 0.342 was obtained, with p-value < 0.001 (p.value < 0.05), then there was a significant direct effect of Service Quality (X) to the Perpetuation of Customers (Y). Given the structural coefficient was positive, it indicated that the relationship of those two was positive. Thus, the higher the Service Quality (X), the higher the Perpetuation of Customers (Y).

2. From the test of direct effect of Commitment (M1) to the Perpetuation of Customers (Y), structural coefficient value of 0.310 was obtained, with p-value < 0.001. Because of p-value < 0.05, then there was a significant direct effect of Commitment (M1) to the Perpetuation of Customers (Y). Given the structural coefficient was positive, it indicated that the relationship was positive. Thus, the higher the Commitment value (M1), the higher the Perpetuation of Customers (Y)

3. From the test of direct effect of Customers' Satisfaction (M) to the Perpetuation of Customers (Y), structural coefficient value of 0.398 was obtained, with p-value < 0.001. Because of p-value < 0.05, then there was a significant direct effect of Customers' Satisfaction (M) to the Perpetuation of Customers (Y). Given the structural coefficient was positive, it indicated that the relationship was positive. Thus, the higher the Customers' Satisfaction (M), the higher the Perpetuation of Customers (Y).

Moderation Effects Commitment to Quality Effect perpetuation of service to customers

SEM analysis results showed interaction coefficient of 0.228, and P of 0.019. Because of P value < 0.05 indicating H4 was accepted, Commitment was a moderator variable of the effect of Service Quality (X) to the Perpetuation of Customers (Y). Because of the direct effect and interaction effect had significant effect on the Perpetuation of Customers (Y), then Commitment variable was quasi moderator. While the coefficient value of interaction effect was positive, then the Commitment variable (M1) was considered strengthening. Thus, the higher the Commitment value (M1), the higher the effect of Service Quality (X) to the Perpetuation of Customers (Y).
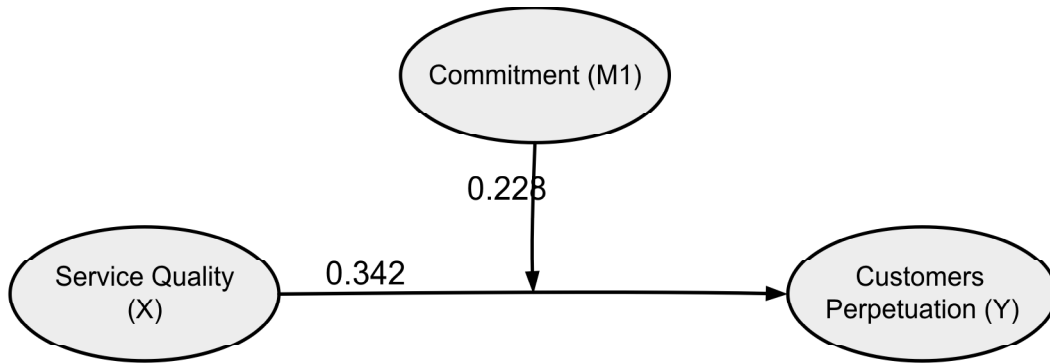
Figure 3: Moderation Effects Commitment to Quality Effect perpetuation of service to customers

Moderation Effect on Cultural Influence Organizational Commitment towards the perpetuation of customers

SEM analysis results showed interaction coefficient of 0.253, and $P < 0.001$. Because of the P value < 0.05 indicating H5 was accepted, Customers' Satisfaction was the moderator variable of the effect of Service Quality (X) to the Perpetuation of Customers (Y). Because of the direct effect and the interaction effect had significant effect on the Perpetuation of Customers (Y), then Customers' Satisfaction variable
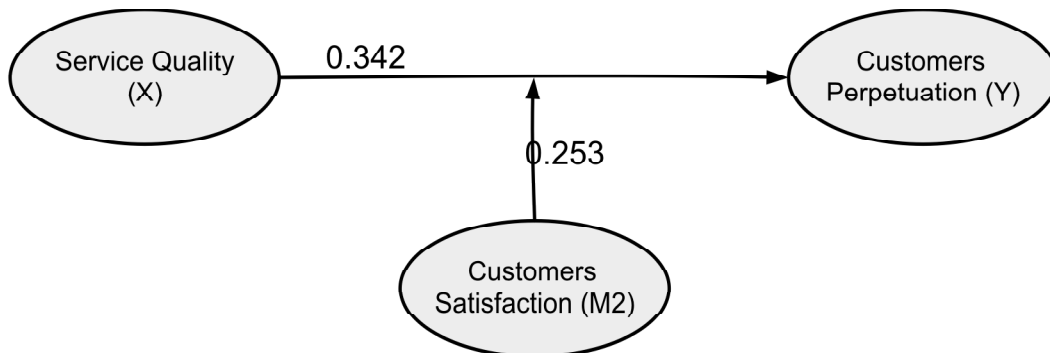

Figure 4: Moderation Effect On Cultural Influence Organizational Commitment towards the perpetuation of customers

was quasi moderator. While the coefficient value of the interaction effect was positive, then Customers' Satisfaction variable (M2) was considered strengthening. Thus, the higher the Customers' Satisfaction (M2), the higher the effect of Service Quality (X) to the Perpetuation of Customers (Y).

DISCUSSION

The analysis results showed that the five hypotheses tested were acceptable and provable. The theoretical model was tested with the criteria of goodness of fit and causality test (regression weight). The results of processing and data analysis showed that Service Quality had positive and significant effect on the Perpetuation of Customers. The same results were found in a positive and significant effect of Commitment to the Perpetuation of Customers. This means that high service quality will make Customers' Commitment to choose *BPR* and the effect of keep using *BPR*. The findings also showed a positive and significant

effect of Customers' Satisfaction to the Perpetuation of Customers. This proved that the level of Customers' Satisfaction very guarantee to build the Perpetuation of Customers and to remain loyal to *BPR*.

It was also found that Commitment and Customers' Satisfaction were quasi moderator variables and strengthening in the relationship between Service Quality and the Perpetuation of Customers. This means, by combining Service Quality and Commitment and Customers' Satisfaction (the interaction effect) can strengthen the relationship between Service Quality and the Perpetuation of Customers. This means that good Service Quality and high Customers' Commitment can form the Perpetuation to *BPR*. In addition, the better the Service Quality provided and supported by high Customers Satisfaction can perpetuate customers in the future (Kantzperger & Kunz, 2010; Caceres & Paparoidamis 2007; Donio et al., 2006; Molinari et al., 2008).

The *BPR*'s system want be established by Bank Indonesia is a modern people's credit bank that is universal, open to all Indonesian people without exception. A banking system that presents applicable forms of economic concept wisely formulated, in the present context of the problems being faced by Indonesia, and with still considering socio-cultural conditions in which this nation wrote its history. Only in this way, *BPR* system development will always be recognized and accepted by all Indonesian people as part of a solution to the various problems of the country, particularly low-and-middle-income people.

There were several ways to maintain good relationship with customers, i.e.: acquisition of new customers, retain existing customers, and increase sales (for existing customers). Meanwhile, *BPR* may retain loyal customers, such as; priority customer service as in a commercial bank which was given to the customers who frequently use banking services (those whose the number of transactions/dealing with banks is more often) or the customers whose the transaction value is very large, so it is an asset for People's Credit Bank (*BPR*).

CONCLUSIONS AND RECCOMENDATIONS

The analysis results showed that there was significant effect of Service Quality, Commitment, and Customers' Satisfaction to the Perpetuation of Customers. The results also showed that Commitment and Customers' Satisfaction were quasi moderator variables and strengthening in the effect of Service Quality on the Perpetuation of Customers.

The excellent service given to main customers was one of the common ways performed by commercial bank to maintain good relationship with its customers. In addition, reward program, special rate or special pricing for customers who often made transactions with the bank are also the ways performed by commercial bank to maintain good relationship with customers. *BPR* keeps innovating and improving itself to improve variety, quality, and usefulness of products and banking and financial services for its customers. So far, *BPR* in Indonesia has been able to provide financial products and services which are almost equivalent to the conventional products, although in terms of service quality, it is still far below the standard of conventional banks. In addition, the advantages of *BPR* that become main differentiators to the products of conventional banks also have not seen yet. From the findings, it seems that *BPR* in Indonesia has been trying to give the best services, and has been providing products of services that suit customers' needs. Currently, *BPR* networks in Indonesia amount to 156 *BPR*. The

forms of services of *BPR* are also very diverse, from bank offices, ATMs, internet, and other forms of delivery channel cooperation further improved to facilitate the availability of services for the whole community.

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