

The Effect of Service Quality on Member Satisfaction and Member Loyalty of Cooperative [Credit Union] Mandiri - Medan

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ABSTRACT

A cooperative is people's economic movement business entity based on the principle of kinship where each member is aware and has the spirit to always work together and be responsible for the common interest that is protected by the Indonesian Government through law. In this case, the cooperative's customers are also members of the cooperative itself. So that today's, cooperatives must continue to improve their services in addition to improving the performance of cooperatives as well as for member satisfaction and loyalty as benchmarks for healthy non-banking financial institutions. In the midst of global competition between financial institutions today, the authors consider it necessary to conduct research on the effect of service quality on member satisfaction and member loyalty of cooperatives. The research was conducted at the Koperasi [Credit Union] Mandiri Medan using a sample of 150 respondents from cooperative members with a survey method approach and using a questionnaire instrument technique. The results of the study are service quality has a significant effect on member satisfaction, service quality has a significant effect on member loyalty and member satisfaction has a significant effect on member loyalty.

Keywords: Service Quality, Member Satisfaction, Member Loyalty

INTRODUCTION

A credit cooperative or Credit Union is a financial institution engaged in savings and loans owned and managed by its members. The background of the

establishment of the Koperasi [Credit Union] Mandiri Medan is a concern about the poverty conditions of the urban people, the unavailability of reasonable financial access for the small community, at least a companion institution for the small community, the desire to develop community empowerment institutions. To maintain the purpose of establishing this credit cooperative, the cooperative management must strive to maintain member satisfaction and loyalty of members who are also consumers of this cooperative. Especially in the midst of competition between non-banking financial institutions, which are currently growing a lot by offering micro services to banks, which are currently also innovating by making micro services and products that are able to reach the lower middle class.

Service Quality

Increasing the quality of the services provided can attract more members. So from this, it takes an improvement from the technique for analyzing the level of member satisfaction. These techniques make important aspects of the services provided can be identified and customer satisfaction can be improved (Cuomo, 2000 in Eboli and Mazzula, 2007). Quality itself is often defined as a measure by which a product or service can fulfill the desires of a member. Parasuraman, Zeithmal and Berry in Lupiyoadi (2013), conclude that there are five dimensions of service quality called

SERVQUAL. The five dimensions of service quality are as follows:

1. **Tangibles**, the ability of a company to show its existence to external parties. The appearance and ability of the company's physical facilities and infrastructure and the condition of the surrounding environment are clear evidence of the services provided by the service providers. Which includes physical facilities (buildings, used (technology) and the appearance of employees.
2. **Reliability**, the ability of the company to provide services as promised accurately and reliably. Performance must be in accordance with customer expectations which means punctuality, the same service to all customers without errors, a sympathetic attitude, and with high accuracy.
3. **Responsiveness**, a willingness to help and provide fast (responsive) and accurate service to customers by delivering clear information. Leaving customers waiting for no apparent reason causes negative perceptions of service quality
4. **Assurance**, knowledge, components including communication, credibility, security, competence and courtesy.
5. **Attention (Empathy)**, giving sincere and individual attention to customers by trying to understand consumer desires. Where a company is expected to have an understanding and knowledge of customers, understand specific customer needs, and have time

Customer satisfaction

According to Malthis (2006), service satisfaction is a positive emotional state of evaluating a person's work experience. Job dissatisfaction arises when these expectations are not met. Job satisfaction has many dimensions; in general, it is satisfaction in the job itself, salary, recognition, the relationship between supervisors and workers, and opportunities for advancement. Each dimension produces an overall feeling of satisfaction with the

work itself. In general, it is known that job satisfaction is a factor that contributes to the physical and mental well-being of employees. Because of this, it has a significant effect on work-related behaviors such as productivity, absenteeism, turnover rates and employee relations.

Customer satisfaction has always been the focus of every company's business activity and is the most important thing used to attract customers today. Member satisfaction is a post-transaction evaluation where what is selected at least the same or exceeds the member's expectations. Members are said to be satisfied when members confirm their expectations after making a return transaction. This provides a good basis for co-operative members to re-transact and forms favorable word of mouth recommendations for the company. Indicators of Member Satisfaction according to Hasibuan (2011) include:

1. **Loyalty**; Assessors measure employee loyalty to their job, position, and organization. This loyalty is reflected by the willingness of employees to protect and defend the organization inside and outside of work from undermining irresponsible people.
2. **Ability**; Appraisers assess the quality and quantity of work that the employee can produce from his job description.
3. **Honesty**; Appraisers assess honesty in carrying out their duties to fulfill agreements both for themselves and for others.
4. **Creativity**; Appraisers assess the ability of employees to develop their creativity to complete their work, so that they will be able to work better.
5. **Leadership**; Assessors assess the ability to lead, have a strong personality, are respected, authoritative, and can motivate others or their subordinates to work effectively.
6. **Level of Salary**; Appraisers assess the amount of salary that the company provides and receives by employees must be in accordance with what

employees provide to the company so that they are satisfied.

7. Indirect compensation; Appraisers assess the provision of adequate and appropriate remuneration to employees for their contribution to helping the company achieve its goals. Providing remuneration or reward for one's energy, time, thoughts and achievements given to the company.
8. Work Environment; Assessors assess that a good work environment can make employees feel comfortable at work.

Member Loyalty

According to Lovelock (2005), loyalty is a customer's willingness to continuously subscribe to a company over and over again and even better exclusively, and voluntarily recommending the product to friends and colleagues. Furthermore, Griffin (2005) cited in (Zulkarnain, 2012), customer loyalty states that the concept of loyalty leads to behavior rather than attitude. A loyal customer will show purchasing behavior which can be interpreted as a pattern of regular and long-term purchases made by units of decision makers or decision makers. The indicators in member loyalty are as follows:

1. Doing repeated transactions; loyal members will frequently re-transact or re-subscribe to products on a consistent basis in the future, even though situational influences and marketing efforts have the potential to cause behavioral changes. Like doing regular savings and loan activities, routine use of cooperative services. The more often

members make repeated transactions, the satisfaction of these members will be.

2. Using the goods and services offered; the service products offered by the cooperative management must be attractive so that the members' confidence and interest in buying or using the services offered by the cooperative must be attractive in order to maintain member loyalty.
3. Loyalty as a member; the loyalty of members in buying goods and using services provided by the cooperative. A loyal person will show buying behavior which can be interpreted as a regular and longtime buying pattern. And members have a commitment, determination, obedience and great sacrifice in building and advancing cooperatives.
4. Referring to others; one form of member loyalty is being able to invite other people to buy and use goods and services in the cooperative, recommend others outside the cooperative for goods and services in the cooperative, inform others about the cooperative and convey positive things about the cooperative both its advantages and disadvantages.

Conceptual Framework

Based on this conceptual model, a theoretical framework is prepared which states the influence of the variables used to determine the influence of human resources on performance, the theoretical framework in this study is described as follows:

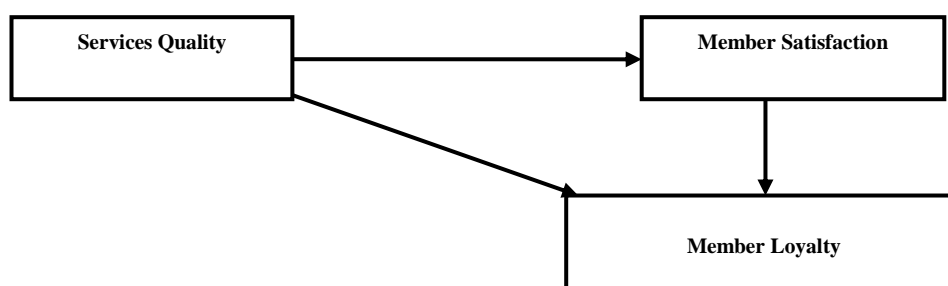


Figure 1. Conceptual Framework

Research Hypothesis

1. Service quality has a significant effect on member satisfaction of the Koperasi [Credit Union] Mandiri Medan
2. Service quality has a significant effect on the member loyalty of the Koperasi [Credit Union] Mandiri Medan.
3. Member satisfaction has a significant effect on the members loyalty of the Koperasi [Credit Union] Mandiri Medan.
4. Service quality has a significant effect on member loyalty through member satisfaction of the Koperasi [Credit Union] Mandiri Medan.

RESEARCH METHOD

This type of research is a correlational study of the existence of a relationship between an element / element with other elements / elements to produce new forms and forms that are different from the previous one. The descriptive correlational method in this study aims to determine the effect of teacher skills in implementing explaining and questioning skills with student learning achievement (Sugiono, 2014).

The determination of the minimum sample size in this study refers to the statement of Hair et al., (2010) that the number of samples as respondents must be adjusted to the number of question indicators used in the questionnaire, assuming $n \times 5$ observed variables (indicators). In this study, the number of items was 35 question items used to measure 3 variables. Thus in this study the sample size of 150 respondents was felt to be sufficient to represent the population.

In this research plan, a survey method will be used and a questionnaire instrument technique is distributed directly to members of the Koperasi [Credit Union] Mandiri Medan as respondents.

RESULT AND DISCUSSION

Hypothesis Test

The research results are:

1. Service quality has a significant effect on the satisfaction of members of the Koperasi [Credit Union] Mandiri Medan. of 8,282. 2).
2. Service quality has a significant effect on the loyalty of members of the Koperasi [Credit Union] Mandiri Medan of 3.029 and
3. Member Satisfaction has a significant effect on the Loyalty of Koperasi [Credit Union] Mandiri Medan members of 2.184.
4. The Path Analysis of the influence of Service Quality on Loyalty of Koperasi [Credit Union] Mandiri Medan members where the standardized beta value of Service Quality (X) is 0.188 which is the value of the path or path (p1) and the significance is at 0.000 which means Service Quality affects Member Loyalty (Y2).

Furthermore, the Adjusted R_{Square} value is 0.417 or 41.70%, meaning that the research variable is able to explain the variable of Koperasi [Credit Union] Mandiri Medan member satisfaction of 41.70% while the remaining 58.30% is influenced by other factors outside the research as well as the R_{Square} value, about 0.508 or 50.80%, meaning that the research variable was able to explain the Loyalty variable of Koperasi [Credit Union] Mandiri Medan by 50.80% while the remaining 49.20% was influenced by other factors outside of the study.

Managerial Implications

1. Based on the results of the frequency distribution of the Service Quality questionnaire, the highest respondent answered in statement number 1 is that the service room looks clean and well organized, as many as 85 people (56.67%) agree, and a minority of respondents' answers disagree with statement number 10, namely the cooperative environment area is clean and pleasant, well organized as many as 19 people (12.67%).
2. Based on the results of the distribution of the frequency distribution of the Member Satisfaction questionnaire, the

highest respondent's answer was obtained in statement number 1, namely the friendly and caring attitude of the management in providing services to members, as many as 85 people (56.67%) of respondents agreed, and a minority of respondents' answers disagree with statement number 7, the information provided is delivered on time, as many as 20 people (15.60%).

3. Based on the results of the frequency distribution of the Koperasi [Credit Union] Mandiri Medan Members 'Loyalty questionnaire, the highest respondent's answer is obtained in statement number 11, namely as a member I will not switch to another credit cooperative, as many as 85 people (56.67%) agree, and the minority of respondents' answers are less Agree on statement number 12, namely that I am willing to inform others if there is information and innovation from the Koperasi [Credit Union] Mandiri Medan as many as 20 people (13.33%).

CONCLUSION

The conclusions of the study are:

1. Service Quality has a significant effect on the Satisfaction of Members of the Koperasi [Credit Union] Mandiri Medan
2. Service quality has a significant effect on the loyalty of members of the Koperasi [Credit Union] Mandiri Medan
3. Member Satisfaction has a significant effect on Member Loyalty of the Koperasi [Credit Union] Mandiri Medan
4. Path Analysis of the influence of Service Quality on Loyalty of Koperasi [Credit Union] Mandiri Medan Members.

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