The Effect of Service Quality on Customer Loyalty: A Case Study at AXA Mandiri Palembang

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Abstract---*This study aims to determine the effect of service quality on customer loyalty. The independent variable in this study is service quality, and the dependent variable is customer loyalty. The method used in this study is quantitative because it uses data processing to produce numbers. This study uses a survey based on the research technique because it collects data by asking respondents directly through a questionnaire. The population in this study are customers at AXA Mandiri Palembang at Bank Mandiri Lemabang Palembang branch office, totalling 250 customers with active policy status starting from 2022-2023. The research sample is part of the population in this study, as many as 250 active policy customers from 2022-2023 at the Palembang Lemabang branch office. The research results are t count > from t table value of 6.231 with a significant value of 0.000 <α = 0.05. means that there is an influence between service quality and customer loyalty.*

Keywords---*AXA Mandiri, customer loyalty, insurance company, service quality.*

Introduction

Insurance companies that are included in companies engaged in the service sector also need to pay attention to the five dimensions of service quality which are used as indicators by their customers in assessing whether the service is quality or not, with the hope that the insurance company will continue to exist and grow (Yücenur & Demirel, 2012). According to Wyckof (2014), service quality is the expected level of excellence and control over these advantages to fulfil customer desires. In other words, two main factors influence the quality of expected services and perceived services. Whether or not the quality of service depends on the ability of the service provider to consistently meet the expectations of its customers (Yildiz, 2017).

Then according to Kotler & Keller (2016), define customer loyalty as a deeply held commitment to buy or re-support a preferred product or service in the future, even though situational influences and marketing efforts have the potential to cause customers to switch. Based on the definition above, it can be concluded that consumer loyalty is an attitude that drives behavior to purchase products or services from a company that includes feelings in it, especially those that buy regularly and repeatedly with high consistency, but not only repurchase goods and services but also

has a commitment and a positive attitude towards companies that offer these products/services (González et al., 2007; Ladhari, 2010). Loyal customers will not buy products considered of no value to them. Therefore, it does not matter what the price is (Eboli & Mazzulla, 2007). So, it can be defined that loyalty as loyalty, determination, and the ability to obey, implement and practice something accompanied by full awareness and responsibility (Hery, 2018).

Even this can be seen in several previous studies, one of which was Research conducted by Nadia et al. (2021), that service quality has a positive and significant effect on customer loyalty of BRI Bank Banjarmasin Branch, but different results were also found in Research conducted by Agus (2023), where service quality has no positive and significant effect on consumer loyalty to hospital services in Banyuwangi.

Based on the results of some of the studies mentioned above, the quality of service provided by a company that sells products or services may not necessarily make consumers loyal (Susanto & Subagja, 2019; Wyckoff, 2014). The insurance company itself is a company that offers services whose benefits cannot be directly felt or seen quickly and in plain view (Talonen et al., 2022; Talonen, 2016). In Indonesia itself, many insurance companies have been established since the Dutch colonial era to the present, one of which is PT. AXA Mandiri Financial Services already has more financial *advisors* spread across 1,540 branch offices of Mandiri Bank. The easier it is for the public to obtain information and experience the benefits of AXA Mandiri insurance products, of course, it will also generate various kinds of opinions regarding the quality of services provided so far, which will impact customer loyalty (Alauddin et al., 2019; Cuong & Khoi, 2019; Saputra et al., 2022).

Since the beginning of 2023, there have been several inappropriate issues for insurance companies, especially AXA Mandiri, because several customers have complained *about* the company, ranging from inappropriate investment results to product explanations that customers consider *unclear* (Bobâlcă et al., 2012; Rasheed & Abadi, 2014). In another case, *the complaint* came from a *public figure* who was also a private customer of Bank Mandiri and AXA Mandiri; where at that time; the customer complained that funds that should have been invested in foreign exchange products were instead diverted to insurance in CNBCIndonesia.com the customer explained that there was a misunderstanding between him and the bank and the insurer when he was going to invest (Firdaus et al., 2022). However, AXA Mandiri had good intentions to come and provide explanations and solutions regarding the problems he was experiencing (Almassawa, 2018; Zakiy & Azzahroh, 2017).

Based on the problems that occurred above, one of the reasons for the occurrence of a complaint is that the customer does not understand the product being purchased (Joudeh & Dandis, 2018; Musqari & Huda, 2018). This can certainly happen if the insurance officer, in this case, a Financial Advisor, needs to provide a detailed explanation *regarding* the product offered to the customer, so misunderstandings occur in the future (El-Adly, 2019; Lin & Wang, 2006). Associated with unclear explanations can be caused by a lack of product knowledge or a *Financial Advisor* who needs a sense of responsibility for the explanations that must be given to their customers (Muhamad et al., 2022; Adnyana & Suprapti, 2018).

Research Method

The object of Research studied in this Research is the quality service and attitude of customer insurance AXA Mandiri Palembang.

Types of research and source

The type of research used is causal research with quantitative methods. Causal research is research that examines causal relationships between two or more variables so that it can explain the impact of changes in I value variations on a variable on changes in I value in one or more other variables. The method used in this research is quantitative because it uses data processing which produces numbers. Based on the research technique, this research uses surveys because it collects data by asking respondents directly through questionnaires.

Population and sample

The population in this study are customers at AXA Mandiri Palembang at Bank Mandiri Lemabang Palembang branch office, totalling 250 customers with active policy status starting from 2022-2023. The research sample is part of the population in this study, as many as 250 active policy customers from 2022-2023 at the Palembang Lemabang branch office. To determine the number of samples used in Research II, the authors use Slovin's opinion (Sanusi, 2011).

Data collection technique

Data collection techniques in this study used observation, questionnaires, and documentation. Observation is an activity to obtain the necessary information to present a real picture of an event or events to answer research questions. The questionnaire is a data collection technique that is carried out by giving a set of questions or written statements to the respondent to answer, Sugiyono (2013). Documents can be in the form of writing, drawings or monumental works of a person (Sugiyono, 2013).

Results and Discussion

Characteristics of respondents based on gender

A questionnaire following the characteristics of respondents based on faculties for 95 respondents obtained the following results:

Table 1
Characteristics of Respondents by Occupation
Work

		frequency	percent	Valid Percent	Cumulative Percent
Valid	PNS/TNI/POLRI	2	1.6	1.6	1.6
	BUMN	54	43.9	43.9	45.5
	PRIVATE	31	25.2	25.2	70.7
	SELF-EMPLOYED	32	26.0	26.0	96.7
	STUDENT	4	3.3	3.3	100.0
	Total	123	100.0	100.0	

Source: SPSS primary data processing results, 2016

Based on Table 1 above, it is known that 123 respondents consisted of 2 respondents (1.6 %) PNS/TNI/POLRI, 54 respondents (43.9 %) BUMN employees, 31 respondents (2 5.2 %) private employees, 32 respondents (26%) Entrepreneur, and four respondents (3.3%) Student.

Characteristics of respondents based on gender

Data collection through questionnaires according to the characteristics of respondents based on gender for 123 respondents obtained the following results:

Table 2
Characteristics of Respondents by Gender
Gender

		frequency	percent	Valid Percent	Cumulative Percent
Valid	Woman	54	43.9	43.9	43.9
	Man	69	56.1	56.1	100.0
	Total	123	100.0	100.0	

Source: SPSS primary data processing results, 2016

Based on Table 2 above, out of 123 respondents, there were 54 female respondents (43.9 %) and 69 male respondents (56.1 %). The comparison between male and female respondents occurred because, during field research, the most active policyholders were women.

Characteristics of respondents based on age

Data collection through questionnaires according to age-based characteristics of 123 respondents obtained the following results:

Table 3
Characteristics of Respondents by Age
Age

		frequency	percent	Valid Percent	Cumulative Percent
Valid	18-35	62	50.4	50.4	50.4
	35-60	61	49.6	49.6	100.0
	Total	123	100.0	100.0	

Source: SPSS primary data processing results, 2016

Based on Table 3 above, out of 123 respondents, there were 62 (50.4%) aged between 18-35 years, and 61 (49.6%) aged 35-60 years.

Test the validity of service quality variables (X)

Table 4
Test the Validity of Service Quality Variables (X)

Question Code	Correlation	Sig	Correlation Minimum Limit	Decision
KuPe1	0.294	0.000	0.30	VALID
KuPe2	0.3 07	0.000	0.30	VALID
KuPe3	.285 _	0.00 1	0.30	VALID
KuPe4	0.284 _	0.00 1	0.30	VALID
KuPe5	0.254 _	0.00 1	0.30	VALID
KuPe6	0.243 _	0.00 1	0.30	VALID
KuPe7	0.249 _	0.00 5	0.30	VALID
KuPe8	0.301 _	0.00 7	0.30	VALID
KuPe9	0.249 _	0.00 5	0.30	VALID
KuPe10	0.281 _	0.00 1	0.30	VALID
KuPel11	0.285	0.00 5	0.30	VALID
KuPel12	0.278	0.00 2	0.30	VALID
KuPel13	0.310	0.00 1	0.30	VALID
KuPel14	0.311	0.00 2	0.30	VALID

Source: SPSS primary data processing results, 2016

Based on Table 4 above the correlation value for questions on variable (X) is already above the correlation value limit of 0.30 according to Sugiyono (2013), in determining the minimum limit of validity, so it can be concluded that all question items from the service quality variable (X) are declared valid.

Service quality variable reliability test (X)

Table 5
Reliability Statistics

Cronbach's Alpha	N of Items
.991	14

Source: SPSS primary data processing results, 2016

Based on the output data of the Reliability Statistics above, it is known that Cronbach's Alpha number is 0.991, so according to Table 5, the interpretation of the correlation coefficient states that this number is "Strong" because it is more than 0.60.

Test the validity of customer satisfaction variable (Y)

Table 6
Test the validity of customer satisfaction variables (Y)

Question Code	Correlation	Sig	Correlation Minimum Limit	Decision
LoNas 1	.935 _	0.000	0.30	VALID
LoNas 2	0.975 _	0.000	0.30	VALID
LoNas 3	0.942 _	0.000	0.30	VALID
LoNas4	0.969 _	0.000	0.30	VALID
LoNas5	0.972 _	0.000	0.30	VALID
LoNas6	0.971 _	0.000	0.30	VALID
LoNas7	0.942 _	0.000	0.30	VALID
LoNas8	0.972 _	0.000	0.30	VALID

Source: SPSS primary data processing results, 2016

Based on Table 6 above, the correlation value for questions on variable (Y) is already above the correlation value limit, namely 0.30 according to Sugiyono (2013), in determining the minimum limit of validity so that it can be concluded that all questions items from the Customer Satisfaction variable (Y) declared valid.

Customer satisfaction variable reliability test (Y)

Table 7
Reliability Statistics

Cronbach's Alpha	N of Items
.990	8

Source: SPSS primary data processing results, 2016

Based on the output data of the Reliability Statistics above, it is known that Cronbach's Alpha number is 0.990, so according to Table 7, the interpretation of the correlation coefficient states that this number is "Strong" because it is more than 0.60.

Analysis of research results

Table 8
Simple Linear Regression Analysis

Coefficients [a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error	Betas		
1 (Constant)	23,792	3,818		6,231	.000
Service quality	.162	062	.231	2,616	010

a. Dependent Variable: Customer Loyalty

Source: SPSS primary data processing results, 2016

Based on the Coefficients output data above, there are simple linear regression analysis results by obtaining a regression model to state that there is a link between the effect of "Service Quality" (X) on " Customer Loyalty " (Y) AXA Mandiri Palembang of 23,792, while the value of Service Quality (regression coefficient) of 0.162. So that the regression equation can be written as follows:

$$Y = a + bX$$
$$Y = 2\,3.792 + 0.162\,X$$

The coefficient b is called the regression direction coefficient and represents the average change in the service quality variable (X) for each change in the customer loyalty variable (Y) of one unit. This change is an increase if "b" is positive and a decrease if "b" is negative, so from the equation, it can be interpreted as:
- The constant "a" is 2 3.792, meaning that if there is no service quality value, the customer satisfaction value is 2 3.792.
- The coefficient on the "X" regression of 0.162 states that customer loyalty will also increase in value for every value added to service quality

Correlation coefficient and determination

Table 9
Simple Linear Regression Analysis

Summary models

Model	R	R Square	Adjusted R Square	std. The error in the Estimate
1	.231 [a]	054	046	4,477

a. Predictors: (Constant), Service Quality

Source: SPSS primary data processing results, 2016

Based on the output data of the Summary Model above, a correlation (R) of 0.231 is obtained. This shows that the correlation between the independent variables, namely Service Quality (X), and the dependent variable Customer Loyalty (Y), has a "weak" relationship of 23.1 %. This is based on the guidelines in the correlation interpretation table above.

F Test Analysis

Table 10
F Test Analysis

ANOVA ᵇ

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	137,163	1	137,163	6,843	.010 ᵃ
	residual	2425,439	121	20,045		
	Total	2562602	122			

a. Predictors: (Constant), Service Quality
b. Dependent Variable: Customer Loyalty

Source: SPSS primary data processing results, 2016
- If the sig value < 0.05, there is a simultaneous influence between variable x and variable y
- If the sig value > 0.05, simultaneously, there is no influence between variables x and y.

So based on the data in the table above, there is significance between variable X and variable Y.

Based on the results of a series of discussion questionnaires about service quality, there is a significant influence on customer loyalty at AXA Mandiri Palembang. The results obtained from the simple linear regression equation Y = 2 3.792 + 0.162 X means that the constant "a" is 2 3.792, states that if there is no service quality value, then the value of customer loyalty is 2 3.792, and the coefficient on the regression "X" of 0.162 states that for each addition of 1 value of service quality. So, the coefficient "b" is the coefficient of the regression direction h and represents a change in the service quality variable (X) by one unit. This change increases if "b" is upbeat and decreases if "b" is negative.

Meanwhile, based on the output data of the Summery Model, a correlation (R) of 0.231 was obtained. This indicates that the correlation between the dependent variable, namely, customer loyalty (Y), and the independent variable, service quality (X), has a "weak" relationship. From the data output of the Summary Model, the magnitude of the coefficient of determination (R^2) = 0.054 indicates that the dependent variable, namely customer loyalty, has a determination of 5.4 %, which can be explained by the independent variable, namely service quality. Meanwhile, the remaining determination of 94.6 % could be explained by other factors not included in this study (Nuraina & Arafah, 2020; Paramananda & Satria Pramudana, 2015).

The results of hypothesis testing show a significant effect between service quality (X) on customer loyalty (Y); based on the t-test data output Coefficients, the effect of service quality on customer loyalty is known by the t value of 6.231 with a significance value of 0.000 < α = 0.05. It can be concluded that Ho is rejected and Ha is accepted, which significantly influences service quality and customer loyalty. From the results obtained during the Research, researchers can state that service quality significantly affects customer loyalty (Sanusi, 2011; Mokoagouw, 2018; Sucihati & Suhartini, 2022).

Conclusion

Based on the results of the Research and discussion in the previous chapter, the following conclusions can be drawn:

a) The results obtained for the value of t count > from the t table value of 6.231 with a significant value of 0.000 <α = 0.05, it can be concluded that Ho is rejected and Ha is accepted, meaning that there is an influence between the independent variables, namely service quality (X), and the dependent variable, customer loyalty (Y).
b) The results of the acquisition of the correlation coefficient (R) obtained a value of 0.231. This shows that the correlation between the independent variables, namely service quality (X), and the dependent variable, customer loyalty (Y), has a "weak" relationship.
c) The results of the determination test (R^2) of 0.054 show that the magnitude of the contribution of the service quality variable can explain the customer loyalty variable of 5.4 %. At the same time, the remaining 94.6 % could be explained by other factors not included in this study.

So, the results of this study show that service quality has a significant and positive influence on customer loyalty at AXA Mandiri Palembang.

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