

# Emotional Closeness, Customer Satisfaction and Customer Loyalty of BUMN Banks in Medan City

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## Abstract:

**Background:** The purpose of this study was to determine and analyze the effect of service quality and emotional closeness on customer loyalty through satisfaction as an intervening variable. The research was conducted on customers of BUMN Banks in Medan City.

**Materials and Methods:** The method used in this study is a survey method, in which respondents are given several statements in the form of a questionnaire. The population in this study are customers of state-owned banks in Medan City. The total sample is 120 respondents. Data analysis was carried out by means of path analysis using the SPSS program.

**Results:** The results of sub-1 analysis prove that service quality and emotional closeness have a significant effect on customer satisfaction. The results of sub-2 analysis prove that service quality and emotional closeness have a significant effect on customer loyalty through customer satisfaction

**Conclusion:** The results of sub-2 analysis prove that service quality and emotional closeness have a significant effect on customer loyalty through customer satisfaction

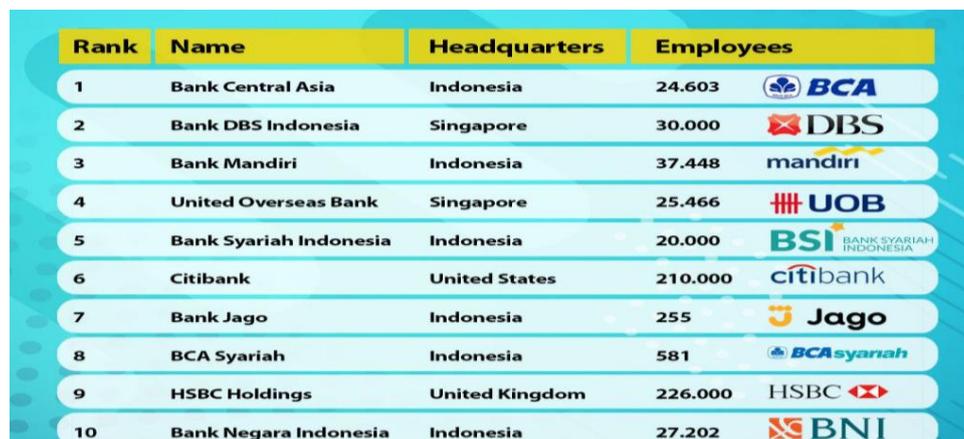
**Key Word:** (Quality of service, emotional closeness, customer satisfaction, loyalty).

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## I. Introduction

The development of the banking world today is very rapid. The number of competitors makes it difficult for companies to retain customers to remain loyal. Many competitors are offering more promising offers to customers. In an effort to win the competition, banking services are very influential. Customer loyalty is the pinnacle of achievement in the banking business. Satisfied and loyal customers will not hesitate to spread good news and always spread goodness about the banking products they consume. They have high credibility, because they are not paid by any party to recommend these banking products or brands. Maintaining loyal customers must have top priority over getting new customers, because recruiting or getting new customers is not an easy thing because it will require a lot of money, so it is a loss if a company lets go of loyal customers just like that.



Rank	Name	Headquarters	Employees
1	Bank Central Asia	Indonesia	24.603
2	Bank DBS Indonesia	Singapore	30.000
3	Bank Mandiri	Indonesia	37.448
4	United Overseas Bank	Singapore	25.466
5	Bank Syariah Indonesia	Indonesia	20.000
6	Citibank	United States	210.000
7	Bank Jago	Indonesia	255
8	BCA Syariah	Indonesia	581
9	HSBC Holdings	United Kingdom	226.000
10	Bank Negara Indonesia	Indonesia	27.202

Figure 1 Top 10 Best Banks in Indonesia Forbes Version

PT. Bank Syariah Indonesia Tbk. or BSI is recognized internationally as part of The World Best Bank as research conducted by Forbes. In fact, this research also places BSI in the 5 best banks in Indonesia. This international recognition is a positive appreciation for BSI's commitment to become a locomotive for Islamic finance and new energy for Indonesia. Based on the results of research conducted by Forbes The World's Best Banks, Forbes' rating is based on the level of satisfaction and five other criteria such as: Trust, terms and conditions, digital services, customer service, and financial advice. Banks assessed are from 5 to 75 banks per country with a minimum score of 70 out of a total score of 100, and are selected depending on the score achieved, the evaluation results collected, the number of active banks in a particular country and their respective populations in that country.

The data in Figure 1 also shows that well-known state-owned banks such as BNI are in 10th place and lost in terms of the assessment carried out by Forbes. The importance of customer satisfaction is a benchmark for the company's success in achieving customer loyalty. As well as the emotional intelligence of bank employees in dealing with problems faced by customers and being able to form emotional closeness. The research gap from research (Fakhrudin et al., 2022; Suhasto, 2018) states that service quality significantly affects loyalty. Meanwhile (Massie & Saerang, 2020; Suhasto, 2018) states that service quality is not the strongest factor influencing loyalty. The purpose of this research is to find out and analyze the effect of service quality and emotional closeness on loyalty through customer satisfaction of BUMN Banks in Medan City.

## **II. Material And Methods**

### **Customer Loyalty**

Customer loyalty can be interpreted as one's loyalty to an object. Customer loyalty is a company's long-term goal so that the existence of the product or service being sold has regular customers. Meanwhile, according to Kotler and Keller (2012) loyalty is 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 consumers to switch. Meanwhile, according to Loveloyhck and Wright in Molden et.al (2014) consumer loyalty is the willingness to continue to subscribe to a company in the long term by buying and using services repeatedly, and voluntarily recommending the company's services to others.

### **Customer Satisfaction**

Kotler (2012), defines satisfaction as the level of one's feelings after comparing the performance or results that are then obtained with expectations. So the level of satisfaction is a function of the difference between perceived performance and expectations, the more appropriate the performance or results obtained with expectations, the higher the satisfaction that will be obtained. According to Mowen and Minor in Bahrudin and Zuhro (2015), consumer satisfaction is the overall attitude shown by consumers towards goods or services after consumers obtain or use them. Meanwhile, according to Angelova and Zekiri in Ahidin (2018) service quality is a global assessment or attitude related to service excellence. For indicators that are in accordance with the research object, the authors use several indicators for consumer satisfaction as follows, namely feelings of satisfaction with the product, saying good things about the company, behavior not complaining about product consumption, acts of giving praise after consuming the product (Kotler and Keller, 2012).

### **Service quality**

The definition of service quality according to Tjiptono (2014), service quality is the level of excellence expected and control over the level of excellence to fulfill consumer desires. Service quality is the expected level of excellence and control over that level of excellence, to fulfill consumer desires. Furthermore, according to Kotler (2012), argues that service quality must start from consumer needs and end with consumer perceptions. This means that good quality is not based on perceptions of service provision, but based on consumer perceptions.

### **Emotional closeness**

Barnes (2013) states that emotional closeness is the key to trust related to a person's willingness to behave in a certain way with the belief that his partner will provide what he expects. Emotional is a feeling from within the individual and reactions to external stimuli that encourage someone to act. Emotional factors in the economy are encouragement from within a person to decide something, in this case buying a product based on subjective considerations, such as pride, status, self-esteem, and so on. Barnes (2013) states that "creating positive emotions and feelings is very important in building a relationship. This emotionlessness turns repeat buying into a mechanical activity and leaves the consumer with no real reason to be satisfied and loyal." Emotional closeness does not just happen, but through a long and complicated process and a continuous process, for that a relationship needs to be maintained. Bahri (2010: 25) says "to start a relationship, one party must present an attractive design to the other party, and most importantly the design must be liked".

**Research Methodology**

This research is an associative quantitative research designed to determine the influence of the independent variables, namely service quality and emotional closeness, on the dependent variable, namely customer satisfaction and loyalty. The method used in this study is a survey method, in which respondents are given several statements in the form of a questionnaire. The population in this study are customers of state-owned banks in Medan City. The total sample is 120 respondents. Data analysis was carried out by means of path analysis using the SPSS program.

**III. Result**

Based on Table , it is known that the Adjusted R Square value is 0.796. This value can be interpreted as the ability of the independent variable to influence the dependent variable of 0.796. The simultaneous influence of service quality variables (X1) and emotional closeness (X2) on customer satisfaction (Z) can be seen in Table 10:

**Table 1. Data Analysis**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1101.150	2	550.575	233.382	.000 <sup>a</sup>
	Residual	276.016	117	2.359		
	Total	1377.167	119			

a. Predictors: (Constant), emotional closeness, service quality

b. Dependent Variable: customer satisfaction

Based on Table 10, it is found that the Fcount value is 233,382 with a significant level of 0.000, less than an alpha of 0.05 (5%). The resulting calculated F is 233,382, which is greater than the Ftable, which is 2.68.

Table 11 presents the regression coefficient values, as well as statistical values for partial effect testing.

**Table2. Uji t**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.946	.915		3.221	.002
	service quality	.652	.066	.698	9.841	.000
	emotional closeness	.220	.068	.230	3.241	.002

a. Dependent Variable: customer satisfaction

$$Z = 0,652 X1 + 0, 220 X2$$

**Hasil Analisis Path Sub 2**

Based on Table 12, it is known that the Adjusted R Square value is 0.966. This value can be interpreted as the ability of the independent variables to influence the dependent variable of 0.966.

The simultaneous influence of service quality (X1) and emotional closeness (X2) and customer satisfaction (Z) variables on loyalty (Y) can be seen in Table 13:

**Table3 Uji F**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1505.774	3	501.925	1126.344	.000 <sup>a</sup>
	Residual	51.692	116	.446		
	Total	1557.467	119			

a. Predictors: (Constant), customer satisfaction, emotional closeness, service quality

b. Dependent Variable: loyalitas

Based on Table 13, it is found that the Fcount value is 1126,344 with a significant level of 0.000, less than an alpha of 0.05 (5%). The resulting calculated F is 1126,344, which is greater than the Ftable, which is 2.68.

**Tabel 4. Uji t (Parsial)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.219	.415		-.527	.599
	service quality	.829	.039	.833	21.275	.000
	emotional closeness	.086	.031	.085	2.807	.006
	customer satisfaction	.094	.040	.089	2.347	.021

a. Dependent Variable: loyalitas

Based on Table, the regression equation is obtained as follows.

$$Y = 0,829 X1 + 0,086 X2 + 0,094Z$$

### Effect of service quality on customer satisfaction

The service quality factor is the key for a bank to win the competition in the banking industry. Banks as service companies cannot ignore the five dimensions of service quality, namely: reliability, responsiveness, assurance, empathy and tangible. The five dimensions of good service quality and higher quality than competitors can provide customer satisfaction so that it will affect the market share that has been obtained to be maintained or expanded. One way to maintain a positive image is through customer service. Customer service plays an important role because it is the spearhead of the banking world. Customer satisfaction can be fulfilled if they get what they want, especially in terms of the service quality they get. Satisfaction felt by customers will have a positive effect on the continuity of a company. This is in line with research conducted by (Massie & Saerang, 2020; Yunita et al., 2021) that service quality significantly affects customer satisfaction.

### The effect of emotional closeness on customer satisfaction

Employee emotional closeness plays a big role in providing services to customers. The emotional component is a fundamental attribute in forming customer satisfaction because without adequate emotional intelligence, customers will not be satisfied with the services provided by employees. Emotional closeness is a person's ability to recognize feelings and understand them themselves and then express them in the form of emotional regulation. Someone who has good emotional closeness is believed to be more effective and has a higher level of performance outcomes compared to employees who have relatively low emotional intelligence, because the consumer's ability to have emotional closeness accounts for 80 percent of the determining factors for success, while the rest is intelligence. intellectual. If related to work, employee emotional intelligence is an important aspect for organizational success in work applications. This is in line with research conducted by (Fakhrudin et al., 2022; As & Mediasi, 2016) that emotional closeness significantly affects consumer satisfaction.

### Effect of service quality on loyalty

Customer loyalty as a form of success of an organization that must be formed through the achievement of human resources in the company, one of which is by realizing the service quality desired by consumers. The main purpose of service quality is to build a committed customer that is profitable for consumers, to achieve this goal, companies will focus on attracting, maintaining and improving relationships with consumers. Consumers are interested in being bound in a relationship with a company, consumers still want to be in a relationship as long as consumers are given consistent quality services and the best value at every opportunity. There is little hope that consumers can be taken over by competitors if consumers feel that the company understands the changing needs of consumers and shows the ability to always maintain relationships by consistently improving and developing its services. This is in line with research conducted by (Leclercq-Machado et al., 2022; Suhasto, 2018; Yunita et al., 2021) that service quality significantly affects loyalty.

### The effect of emotional closeness on loyalty

Emotional closeness, which is the ability to control one's emotions and the ability to recognize one's own feelings and those of others, but still use one's thoughts to be channeled effectively, which in turn makes people

feel comfortable in working together to achieve common goals. The ability to know yourself, self-awareness, social sensitivity, empathy and the ability to communicate well with others. Includes sensitivity about the right time, social appropriateness, the courage to admit weakness, and to express and respect differences. Emotional closeness is able to increase customer loyalty, customer loyalty is very useful for the bank which indirectly maintains business continuity. Research conducted by (Suhasto, 2018) states that emotional speed significantly affects loyalty. Loyal customers are satisfied with optimal products and services, so participation in introducing to anyone they know in the next phase, customers will expand their loyalty to the bank.

### **The effect of customer satisfaction on loyalty**

Loyalty and customer satisfaction are the main things because this can provide very important benefits for the company and its customers. For companies, realizing customer satisfaction (in this case customers), can increase their profit levels and gain a wider market share. Meanwhile for its customers, all banking transaction needs will be met by the bank and can also support its business activities as well as the personal affairs of the customer concerned. On the other hand, if the banking company fails to realize its customer satisfaction, then this will affect the formation of a bad corporate image in the eyes of customers, so it is not impossible that these dissatisfied customers will become less loyal and eventually switch to other banks. This of course will harm the company or even cause the company to experience a setback. In line with research conducted by (Indrasari et al., 2022; Leclercq-Machado et al., 2022; Ozkan et al., 2022) satisfaction significantly affects loyalty.

### **The effect of service quality and emotional intelligence on loyalty through customer satisfaction**

The primary goals of service quality and emotional intelligence are to build and retain committed customers. so that in achieving this goal, companies are expected to focus on attracting, maintaining and improving relationships with consumers. Efforts to increase loyalty made by companies are able to add value that can make them get what they pay for or more than they expect, so that it can survive and lead to repeat purchases, recommendations and an increasing proportion of purchases. In line with research from (Fakhrudin et al., 2022; Indrasari et al., 2022; Suhasto, 2018; Yunita et al., 2021). Loyal consumers can become good consumers again if they receive services, continuously, from the same company. Loyal customers are not only a strong foundation for the company, but they also reflect the company's growth potential in the future

## **IV. Conclusion**

Service quality has a positive and significant effect on customer satisfaction. Emotional intelligence has a positive and significant effect on customer satisfaction. Service quality has a positive and significant effect on loyalty. Emotional intelligence has a positive and significant effect on loyalty. Customer satisfaction has a positive and significant effect on loyalty. Service quality and emotional intelligence have a positive and significant effect on loyalty through customer satisfaction.

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