Effects of Mediation on Participants' Satisfaction in Predicting the Influence of Service Quality and Trust on the Loyalty of Insurance Service Users on Not Receiving Wage Workers Participants

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Abstract:- This study aims to examine the influence of service quality and trust level towards the loyalty mediated by the satisfaction of Not Receiving Wage Workers/Bukan Penerima Upah (BPU) in BPJS Ketenagakerjaan branch offices. The variables tested comprise service quality and trust level as an independent variable, loyalty as dependent variable and satisfaction as mediator between independent variable (IV) and dependent variable (DV). This study employs sample of 395 respondents who are all BPU participants, with the total population of 30,612 participants. Data processing in this study employs SPSS, which is then analyzed using path analysis to observe the direct and indirect influence (through mediation variable). From that measurement it is revealed that service quality, trust and satisfaction provides direct significant influence on participants' loyalty, as well as indirect influence. Service quality and trust provides significant influence on participants' loyalty through participants' satisfaction. Thus, it may be concluded that the roles of satisfaction enhances the influence of IV towards DV. Mediation of participations' satisfaction therefore is able to increase participants' loyalty. The limitations of this study concerns on its nature as a case study and conducted within a short period of time, resulting that this study is not able to describe the dynamics of the tested objects, while further research is suggested to employ SEM method to obtain more specific results.

Keywords:- Service Quality, Trust Level, Loyalty, Satisfaction, BPU.

I. INTRODUCTION

Currently, BPJS Ketenagakerjaan carries out the mandate to protect all workers both in formal and informal sectors, known as Not Receiving Wages Workers (BPU). The implementation of protection program at BPJS Ketenagakerjaan for BPU sector is not obligatory in nature, in which this program may be followed according to needs of participants and they can join voluntarily depending on their ability, however there are still many individuals joining the program half-heartedly which has become an issue for BPJS Ketenagakerjaan specifically in maintaining BPU participants' loyalty.

II. REVIEW OF LITERATURE

➢ *Service Quality*

Kotler and Keller (2009:143) states that "Quality is the totality of features and characteristics of a product or service that depends on its ability to satisfy expressed or implied needs. The definition of quality according to Purnama (2006:11), "the definition of service quality is derived from two sides, which are the producer and the customer, and the definition will be accurate if the producer is able to translate the needs and desires of the product into the specifications of the products resulted."

According to Lovelock and Wright (2005:5) service is an economic activity that creates and provides benefits to customers at a particular time and place, as a result of the action to realize the desired changes in or on behalf of the recipient of the service. In addition to that, (Kotler and Keller, 2009:36) service is an action or performance that may be offered by one party to another party which is essentially intangible and does not produce any ownership. Therefore if a conclusion may be drawn from those two definitions, service is an action offered by one party which provides benefits to its customers.

From the 5 dimensions of service quality according to Parasuraman namely Tangibility, Reliability, Assurance, Responsiveness, and Empathy, this study employs only 3 dimensions which are relevant to the condition of the study namely Reliability, Assurance, and Responsiveness.

➢ *Trust Level*

According to Moorman (1992), trust is defined as willingness of an individual to rely on other parties involved in an exchange in whom one has confidence to those other parties. When one party develops confidence that the other parties involved in exchange possess reliability and integrity, then it may be said that there is trust in it. Trust occurs when an individual is assured with the reliability and integrity of the trusted person (Morgan and Hunt, 1994). Doney and Canon (1997) also reveals that initial development of buyer-seller relationship is based on trust.

Based on the aforementioned definitions, it may be concluded that trust is a customer's belief towards a company after conducting a purchase and that customer

feels that the company has fulfilled its responsibilities properly as expected by that customer. In addition to service quality and customer satisfaction, trust and commitment are two main factors contributing to customer loyalty.

According to MCKnight who articulates that there are 2 dimensions in the variables of customer satisfaction which consist of belief towards other parties and hope towards other parties. These two dimensions are employed in this study due to its relevance to the condition of the study.

➤ *Customer Satisfaction*
For customer-oriented companies, customer satisfaction serves as the marketing target and at the same time marketing tools. Companies able to achieve high satisfaction level will ensure that their target market is aware of that (Kotler and Keller, 2009:180).

According to Engel (in Tjiptono, 2005) points out that customer satisfaction is an aftersales evaluation where the chosen alternatives are at least equal to or exceed customer expectation, while dissatisfaction occurs when the results do not meet the expectation.

It may be generally concluded that the definition of customer satisfaction or dissatisfaction is observed from the compatibility between customer satisfaction with perceptions, services received (experienced in reality), where customer expectation is the expectation of customers towards an item or service that they will purchase. Customer expectation can be constructed from previous purchasing experience, advices from friends and colleagues, and information from marketers and competitors.

There are 5 dimensions of customer satisfaction according to Kotler and Keller namely Expectation Suitability, Performance Perception, Customer Assessment, Customer Experience, and Overall Satisfaction. This study employs only 3 dimensions which are relevant namely Expectation Suitability, Performance Perception, Customer Experience.

➤ *Customer Loyalty*
Tjiptono (2010) reveals that the definition of customer loyalty is the commitment of customers to a brand, store, or supplier, based on a positive attitude and reflected in consistent repurchases. One example of a positive attitude given by a customer who has reached a loyal stage includes repurchase, does not regard the price of a trusted brand as an issue, where loyal customers do not only make repeat purchases, but also maintain a positive attitude towards the company as service provider.

According to Schiffman and Kanuk (2008), brand loyalty is the customer's consistent preference to make purchases on the same brand on specific products or certain service categories.

It may be concluded that customer loyalty is a commitment of customers to make repeated purchases on certain brands consistently in the future, which can be assessed based on the experience of satisfying product/service, good quality perceptions, good brand trust, appropriate prices, availability and ease of purchase of products/services from the brand.

From the 4 dimensions of customer loyalty according to Tjiptono namely Make Purchases Regularly, buy inter-line products, recommend products to others, and demonstrate immunity to the pull of competitors, this study employs 2 dimensions namely make purchases regularly and recommend products to others which are relevant to the condition of this study.

Diposumarto (2012) argues that hypothesis is a temporary answer or a temporary guess on the research problem that has been formulated previously based on the theory used or related theory to support, discussion of interrelated variables or factors, in which the temporary answer is theoretically considered the most probable and the highest level of truth. Related to that theory, this study formulates the following hypothesis:

H1: Service quality provides a positive and significant influence on participant satisfaction
H2: Trust provides a positive and significant influence on participant satisfaction
H3: Service quality and trust provide a positive and significant influence simultaneously on participant satisfaction
H4: Service quality provides a positive and significant influence on participant loyalty
H5: Trust provides a positive and significant influence on participant loyalty
H6: Participant satisfaction provides a positive and significant influence on participant loyalty
H7: Service quality, trust, participant satisfaction provides a positive and significant influence simultaneously on participant loyalty

III. RESEARCH METHODOLOGY

A. Population and Sample
The population in this study amounted to 30,612 workers consisting of BPU program participants acquired until the period of December 2017. The sample employed to represent the population amounted to 395 respondents calculated based on Slovin formula with 10% error tolerance level. The sample is selected through non-probability sampling technique based on sampling quota.

$$n = \frac{N}{1+Ne^2}$$

Whereas:
n : Number of Sample
N : Total of Population
e : Error Tolerance (5%)

Therefore the sample in this study may be calculated

as:
n = 30,612/ (1+30,612 x (0.05)^2
n = 395 workers

B. Data Analysis Method

Data analysis method employed in this study is path analysis. This is an applied form of multi-regression analysis. The basic principles of employing path analysis include (Solimun, 2005):

➢ Linearity; the relationships among variables are linear
➢ Additivity; no interaction effects
➢ Interval-scaled data
➢ Recursivity, all arrows point out to one direction, no looping is occurred.
➢ Appropriate correlation inputs.

• An examination on assumptions which underlie path analysis which consist of the following:

✓ In path analysis model, relationships among variables are linear and addictive
✓ Only recursive models that may only be considered, which is one-way causal system. Path analysis is not applied to models containing reciprocal causal systems.
✓ Observed variables are measured without errors (measurement of valid and reliable instruments).
✓ The analyzed model is correctly identified according to relevant theories and concepts.

• Calculations with path coefficients using statistical software through partial regression analysis where the path coefficients are standardized coefficients beta for their direct effect. For the indirect effect, the multiplication of the path coefficients from the paths passed by each equation and the total effect is the sum of the direct effects with all indirect effects.
• Model validation check. The model validation depends on whether or not the assumptions underlying the path analysis are aligned.
• Interpretation of the results of the analysis, interpret the results of the analysis by taking into consideration several components: First, to pay attention to the results of model validation. Second, to calculate the total of each variable which provides a causal effect on endogenous variables.

IV. RESULTS AND DISCUSSIONS

A. Respondent Characteristics

In this study, the highest number of respondents are male who are amounted to 233 workers or equal to 65% of the total sample. The oldest age range is in the age of 31 to 40 years old, amounted to 126 workers or equal to 41%, as elaborated in Table 1:

No.	Category	Frequency	%
1	**Respondent Gender**		
	* Male	233	64.9
	* Female	126	35.1
2	**Age**		
	* 21 to 30 years old	129	35.9
	* 31 to 40 years old	146	40.7
	* 41 to 50 years old	84	23.3
3	**Period of Membership**		
	* 3 to 6 months	284	79.1
	* 6 to 12 months	63	17.5
	* > 12 months	12	3.3

Table 1:- Respondent Characteristics

B. Test Validity

Criteria of test validity is determined from correlation between items with total score is more than 0.3 then the instrument is declared valid. If r-count > r-table with α = 0.05 then the correlation coefficient is at significant value.

Variable	Item	r-Count	r-Table (Sig 5%)	Remarks
Service Quality (X1)	P01	.659**	0,300	**Valid**
	P02	.645**	0,300	**Valid**
	P03	.613**	0,300	**Valid**
	P04	.764**	0,300	**Valid**
	P05	.783**	0,300	**Valid**
	P06	.858**	0,300	**Valid**
	P07	.834**	0,300	**Valid**
	P08	.829**	0,300	**Valid**
	P09	.840**	0,300	**Valid**
Trust (X2)	P10	.864**	0,300	**Valid**
	P11	.881**	0,300	**Valid**
	P12	.772**	0,300	**Valid**
	P13	.736**	0,300	**Valid**
	P14	.788**	0,300	**Valid**
	P15	.729**	0,300	**Valid**
	P16	.730**	0,300	**Valid**
Participant Satisfaction (Y1)	P17	.664**	0,300	**Valid**
	P18	.705**	0,300	**Valid**
	P19	.728**	0,300	**Valid**
	P20	.677**	0,300	**Valid**
	P21	.601**	0,300	**Valid**
	P22	.671**	0,300	**Valid**
	P23	.705**	0,300	**Valid**
	P24	.590**	0,300	**Valid**
	P25	.655**	0,300	**Valid**
	P26	.686**	0,300	**Valid**
Participant Loyalty (Y2)	P27	.751**	0,300	**Valid**
	P28	.783**	0,300	**Valid**
	P29	.737**	0,300	**Valid**
	P30	.763**	0,300	**Valid**

Table 2:- Results of Test Validity

Based on table 2 Results of Test Validity it may be concluded that r count from each question in each variable provides value of >0.300. Therefore, all variables in this study is declared **valid**.

C. Test Reliability

Variable	Value of Cronbach's Alpha	Requirement	Remarks
Service Quality	0,779	> 0.6	**Reliable**
Trust	0,790	> 0.6	**Reliable**
Participant Satisfaction	0,763	> 0.6	**Reliable**
Participant Loyalty	0,802	> 0.6	**Reliable**

Table 3:- Results of Test Reliability

Based on table 3 results of test reliability it is shown that the value of Cronbach's Alpha for variable Service Quality is 0.779, Participant Trust is 0.790, Participant Satisfaction is 0.763, and variable Participant Loyalty 0.802 in which all of those variables are above 0.6. Thus, the questionnaire statements in this study is declared *reliable*.

D. Path Analysis

➤ *Testing of Link Structure Model 1*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
Constant	1,057	0,076		13,941	0,000
Service Quality	0,621	0,031	0,766	20,196	0,000
Trust	0,088	0,033	0,102	2,697	0,007
F				471,048	0,000
R²			0,706		

Table 4:- Test Results of link structure model 1: Participant Satisfaction (Y1)

In Table 4, it is shown that each variable of service quality and participant trust provides positive and significant influence either partially or simultaneously towards participant satisfaction. This is evidenced by the calculation result of t-count and F-count value with their significance.

Calculation result of t-count value and its significance, variable of service quality obtains t-count value of 20.196 and Sig. 0.000 < 0.05. The result of variable of trust has t-count value of 2.697 and Sig. 0.007 < 0.05. Link coefficient providing the highest value is found on service quality of 0.766, and trust of 0.102.

Testing of simultaneous significance (f-test) reveals that F-value of 471.048 and Sig. 0.000 then it may be concluded that service quality and trust provides significant influence simultaneously towards participant satisfaction.

Value of 0.0706 is obtained from R-squared value which explains that the contribution of the variables of service quality and trust provides simultaneous influence towards the variable of participant satisfaction of 70.60% and the rest of 29.40% is explained by factors outside the scope of this study.

➤ *Testing of Link Structure Model 2*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
Constant	1,291	0,063		20,474	0,000
Service Quality	0,167	0,030	0,254	5,588	0,000
Trust	0,097	0,023	0,138	4,312	0,000
Participant Satis	0,461	0,034	0,568	13,424	0,000
F				504,026	0,000
R²			0,795		

Table 5:- Test Result of link structure model 2: Participant Loyalty (Y2)

Table 5 reveals that each variable of service quality, participant trust and participant satisfaction provide positive and significant influence either partially or simultaneously towards participant loyalty.

This is in accordance with the result of t-count value and its significance, where variable of service quality is obtained from t-count value of 5.588 and Sig. 0.000 < 0.05. The result of variable of participant trust obtains t-count value of 4.312 and Sig. 0.000 < 0.05 while from variable of participant satisfaction it is obtained t-count value of 13.424 and Sig. 0.000 < 0.05. The highest coefficient link in sequence is found on participant satisfaction of 0.568, then on service quality of 0.254 and the lowest is found on trust of 0.138.

Based on simultaneous significance test (F test) it is revealed that F value of 504.026 and Sig. 0.000 which may be concluded that service quality, participant trust, participant satisfaction provides significant influence simultaneously towards participant loyalty.

The result of R-squared value shows that there is value of 0.795 which explains that the contribution of variable of service quality, participant trust, and participant satisfaction provides simultaneous influence on variable of participant loyalty of 79.50% and the rest of 20.50% is explained by factors outside the scope of this study.

E. Direct and Indirect Influence

Link Model	Variable Influence	Direct	Indirect	Remainder	Total
Structure Equation 1 (XI, X2 to Y1)					
1	X1 to Y1	0,766			0,766
	X2 to Y1	0,102			0,102
	X1, X2 to Y1	70,60		29,40	100
Structure Equation 2 (X1, X2, Y1 to Y2)					
2	X1 to Y2	0,254			0,254
	X2 to Y2	0,138			0,138
	Y1 to Y2	0,568			0,568
	X1, X2, Y1 to Y2	79,50		20,50	100
	X1 to Y2 through Y1		0,435		0,689
	X2 to Y2 through Y1		0,058		0,196

Table 6:- Variable of Direct and Indirect Influence

➢ *Direct Influence*

To calculate direct influence, the following formula is employed:

- Direct influence of variable of service quality towards participant satisfaction X1 to Y1 = 0.766.
- Direct influence of variable of participant trust towards participant satisfaction X2 to Y1= 0.102.
- Direct influence of variable of participant satisfaction towards participant loyalty Y1 to Y2 = 0.568.

➢ *Indirect Influence*

To calculate indirect influence, the following formula is employed:

- Influence of variable of service quality towards participant loyalty through participant satisfaction X1 to Y2 through Y1 = 0.435
- Influence of variable of participant trust towards participant loyalty through participant satisfaction X2 to Y2 through Y1 = 0.058

Observing table 6, it is revealed that the analysis result of direct and indirect influence of variables of service quality (X1) and participant trust (X2) provide greater influence towards participant loyalty (Y2) if linked through variable of participant satisfaction (Y1), which means variable of participant satisfaction (Y1) serves the role of positively moderating variable.

F. Hypothesis Test

➢ *H1, H2: Service Quality, Participant Trust Each Provides Positive And Significant Influence Partially Towards Participant Satisfaction.*

The results shows that each variable of service quality, participant trust provides positive and significant influence partially towards participant satisfaction. This is supported by argument from Tjiptono and Chandra (2005:115), saying that "Quality has a close relationship with customer satisfaction, quality encourages customers to establish strong ties with the company." Similarly, according to Moorman (1992) trust is defined as willingness of an individual to rely on other parties involved in an exchange in whom one has confidence to those other parties. Quality in a company engaged in insurance services occurs when an employee is able to serve the needs of participants both in terms of information and claims which in the end the participants are expected to be satisfied with the services provided and maintain their active participation. In addition to that, trust in insurance services occurs when participants receive benefits from services with the proper results identical to what is offered at the time of socialization for prospective participants which are expected to satisfy consumers as a realization of the company's initial promises.

➢ *H3: Service Quality, Trust Provides Positive And Significant Influence Towards Participant Satisfaction Simultaneously*

According to Agus Hartana (2014), it is revealed that service quality and trust results in positive and significant influence towards customer satisfaction.

➢ *H4, H5, H6: Service Quality, Participant Trust, Participant Satisfaction Each Provides Positive And Significant Influence Towards Participant Loyalty.*

Tjiptono and Chandra (2005:115) argues that "Quality has a close relationship with customer satisfaction, quality encourages customers to establish strong ties with the company." According to Antonio Carrizzo Moreira, Pedro Miguel Silva (2015), service quality and commitment are the two keys for customer satisfaction in achieving customer loyalty. Sehim Ahmed, Kazi Md Tarique, and Ishtiaque Arif (2017) also argue that service quality and its dimensions provides positive influence towards customer loyalty.

According to Moorman (1992), trust is defined as willingness of an individual to rely on other parties involved in an exchange in whom one has confidence to those other parties. When one party develops confidence

that the other parties involved in exchange possess reliability and integrity, then it may be said that there is trust in it. Doney and Canon (1997) also reveals that initial development of buyer-seller relationship is based on trust. In a study conducted by Kassagne Damtew, Ph.D. & Dr. Venkat Pagidimarri (2013), it is found that customer trust towards an insurance company and its employees plays a critical role in influencing customer loyalty in insurance sector. Additionally, according to Zohaib Ahmed (2014) in his study states that brand trust and customer satisfaction provides significant influence towards loyalty of certain brands.

Engel in Tjiptono (2005) points out that customer satisfaction is an aftersales evaluation where the chosen alternatives are at least equal to or exceed customer expectation, while dissatisfaction occurs when the results do not meet the expectation. In a study carried out by Elisavvet Keisidou, Lazaros Sarigiannidis Dimitrios I. Maditinos, & Eleftherios I. Thalassinos (2013), it is argued that customer satisfaction provides influence on company profitability and customer loyalty. In addition to that, Ha Athu Nguyen, Hoang Nguyen, Nhan Duc Nguyen, & Anh Chi pan (2018) state that service provider must be focused on customer satisfaction to gain loyalty from customers.

➢ *H7: Service Quality, Participant Trust, Participant Satisfaction Provides Positive And Significant Influence Simultaneously Towards Participant Loyalty*

It is revealed from a study conducted by Taqdess Fatima & Shahab Alam Malik Asma Shabbir, (2017) that there is positive influence from service quality and customer satisfaction towards customer loyalty. This result is also supported by previous study conducted by Tengku Putri Lindung Bulan (2016) which states that service quality and trust provides significant influence simultaneously towards customer loyalty. Additionally, a study conducted by Asma Shabbir Shahab Alam Malik Shujah Alam Malik (2016) reveals that there is positive influence from service quality, customer satisfaction towards customer loyalty.

V. CONCLUSIONS

Referring to the results of this study, several conclusions are formulated in the following items:

➢ Service quality provides positive and significant influence towards participant satisfaction.
➢ Participant trust provides positive and significant influence towards participant satisfaction.
➢ Service quality and trust provides significant influence towards participant satisfaction.
➢ Service quality provides positive and significant influence towards participant loyalty through participant satisfaction.
➢ Participant trust provides positive and significant influence towards participant loyalty through participant satisfaction.
➢ Participant satisfaction provides positive and significant influence towards participant loyalty.
➢ Service quality, trust provides positive and significant influence towards participant loyalty through participant satisfaction.

SUGGESTIONS AND LIMITATIONS

To enhance participant loyalty, it is suggested to the head of branch offices to:

➢ Formulate unit KPI which is accumulated from individual KPI concerning important points in providing services such as points pertaining the promptness in complaints resolution, promptness in service provision to participants, pertinence of documents and target in claim resolution, *Service Level Agreement* (SLA) towards participants.
➢ Create testimonies from participants or heirs whose claims have been paid in full and presented as videos in the company website.
➢ The writer will determine priority scale by multiplying regression coefficient with correlation coefficient which is useful for deciding priority scale employed in decision making, which results are as follows:

Variable	Dimension	Link	Coefficient		Priority Scale	Remarks
			Regression	Corellation		
X1	Responsiveness	X1-Y2	0,254	0,691	**0,176**	**Priority**
X2	Expectation to Company	X2-Y2	0,138	0,596	0,082	

Table 7:- Priority Scale

Suggestions that should be taken into consideration based on the results of this study for further studies and academics are:

➢ Other academics are encouraged to observe other variables which become other factors in determining participant loyalty aside from service quality, services, trust, and satisfaction factors. Those variables may be explored further using other references on previous studies which influence participant satisfaction and loyalty.
➢ Information gathering in this study is conducted through questionnaires shared to respondents. For further research studying similar or identical issues, study may

be conducted using a combination of questionnaire with other instruments, such as interview to respondents, thus more comprehensive information and descriptions may be obtained.

➢ Further studies are expected to carry out employing SEM analysis method for more detailed results.

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