Influence of Customer Relation Management, Service Quality on Customer Trust

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ABSTRACT

Objective: This study was conducted at the Ministry of Industry which has provided licensing services for small and medium industries. The aim of this research is to know the effect of CRM, SQ and customer trust partially, simultaneously and the implications for customer trust.

Methodology: There are 3 hypotheses tested by SEM (LISREL 8.30), the number of respondents is 350 people.

Findings: The findings in this study are that CRM, SQ also have an effect on TC. Customer relationship management is proven to affect customer trust with the aim of establishing long-term cooperation with a value of t>2 (3.57> 2). Customer relationship management is an integrated way of acquiring, retaining and partnering with customers.

Implications: UPPP Ministry of Industry should consider several influential factors such as CRM, SQ and TC to maintain customer trust so they can become loyal and loyal consumers.

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Introduction

The era of globalization along with the development of scientific technology and the increase in living standards should be in line with the improvement of services to the public (Huei & Easvaralingam, 2011). Community service is expected to be better and more open (Thalassinos, Havlíček, & Berezkinova, 2012). Public service is a mandate that must be carried out by the government.

Public service providers are activities carried out in line with the expectations and demands of the community (Ida Aju Brahmasari, Dipl, & Panjaitan, 2016). If the implementation of the Central
Public Service Unit is carried out in accordance with government regulations, it will give satisfactory results in accordance with expectations. Public service to the community is the responsibility of the state (PM No 16 tahun 2014, 2014); (Presiden Republik Indonesia, 2012).

Satisfaction is a measuring tool to assess the service quality that has been provided. The importance of service to the community should be considered carefully and carried out properly in order to create satisfaction (Saxena & Khandelwal, 2016); (Havlíček, Břečková, & Zampeta, 2014).

Organizations recognize the importance of building partnerships with customers because retaining customers is more important than finding new customers and costs less (Saxena & Khandelwal, 2016); (Bondarenko, Kalieva, & Pisareva, 2018). Customer needs must be considered including product availability, comfort, shopping atmosphere, security and others. Customer needs for goods, services and services should be considered by the company to get satisfactory rewards from consumers (Havlíček, Břečková, & Zampeta, 2014). CRM is a strategic approach that relates company owners to customers in improving customer relationships (Gautam & Singh, 2014). Building closer relationships with customers will result in better profits for the company (Saxena & Khandelwal, 2016). The aim is to provide added value and to satisfy customers and benefit both parties in the long term (Amoako, Arthur, Bandoh, & Katah, 2012). If the company's products or services do not satisfy customers, then all marketing strategies that have been carried out are considered insufficient in customer service (Saxena & Khandelwal, 2016). By having loyal customers, it can be said that the company can have loyal customers so that it can reduce operational costs (Reinartz, Krafft, & Hoyer, 2012). If there is an additional 5% of customers, the meal can provide a profit of 25% to 75% and the costs incurred are cheaper than finding new customers (Ida Aju Brahmasari et al., 2016).

This study re-examines whether CRM can improve Service Quality and Consumer Trust. It is hoped that this research will provide input to decision makers so that Customer Relations Management, Service Quality and Consumer Trust can be improved.

**Analytical Framework Dan Variabel**

The implementation of CRM in the company will provide added value for buyers and sellers to gain profits (Alipour & Mohammadi, 2011). The use of CRM to create value for organizations and customers by maintaining customer relationships (Duńu & Hălmăjan, 2011). Implementation of CRM in the company will be able to increase profits (Reinartz et al., 2012). The purpose of CRM is to increase the comfort of consumers (Saxena & Khandelwal, 2016). CRM is a business concept that is appropriate to be carried out with an integrated and accountable system (Havlíček et al., 2014). The objective of the CRM strategy is to understand customer needs and integrate with the organization (Saxena & Khandelwal, 2016). The essence of customer relationship management is to build trust and build a partnership with customers (Sarwar, Abbasi, & Pervaiz, 2012). SQ to customers with a system of establishing good relationships and providing satisfactory service (Setyaningrum, 2017).

Consumers are satisfied if the company provides good service and the quality of the purchased goods is in accordance with the desired expectations (Huei & Easvaralingam, 2011). To win a competition, companies should package their services well because service is the main key to attracting consumer sympathy (Basahel, 2016). The quality of the services offered should be maintained and maintained well so that the consumer's assessment of the company is always good (Gautam & Singh, 2014). Service quality is a determinant of the company's success in marketing products, if consumers are comfortable and satisfied when consuming the product, they will become loyal customers (Sarwar et al., 2012).
Hypothesis Development

Customer Relationship Management is a cooperative relationship between providers and consumers to benefit both parties (Alipour & Mohammadi, 2011). Customer Relations Management is value creation and competitive advantage (Velinov, 2018). Competitive advantage based on the provider’s ability to help customers generate added value and to establish long-term relationships (Sugiyanto, Armanu, Rofiaty, & Noermijati, 2017). Customer Relations Management as a business strategy and science and technology aims to understand customers from various prospective (Zuchowski & Brelik, 2017); (Sriyana, Prabowo, & Syamsudin, 2017). The purpose of Customer Relations Management is to improve customer service, establish cooperation and retain existing customers (Saxena & Khandelwal, 2016). Commitment and trust are central roles of relational marketing (Orynbekova, Kopylova, & Valieva, 2018). Based on this, Hypothesis one will be tested, as follows:

H₁: Customer relations management affects customer trust

Handling customer relationship management in developing and maintaining customer relationships to advance the company (Reinartz et al., 2012). What you want to achieve in managing consumers is to build good relations to make loyal customers (Amoako et al., 2012). Customers will feel happy with the services provided if they feel appreciated, cared for and treated according to expectations and eventually become loyal customers (Wahab, Mohd Zahari, Momani, & Mohd Nor, 2011); (Srinita, 2018); (Ananth, Ramesh, & Prabaharan, 2011). Loyal customers will provide many benefits and advantages to the company and are even willing to become company partners (Gilaninia & Mousavian, 2011).

Service Quality (SQ) is the customer’s perception of the service received from the company (Saidani, 2017). Customer expectations in the form of good service from the company (Yousapronpaiboon, 2013). Good SQ provided to consumers will have a good impact on the company (Nawaz, 2016). From the description, a second hypothesis can be proposed, among others

H₂: Service quality also has an impact on customer trust

Customer relationship management has an important role in the company to maintain good relationships with customers (Oogarah-Hanuman & Visvanathan Naicker, 2016). CRM is an analysis of scientific achievements in selling goods and services to customers (Saxena & Khandelwal, 2016). CRM is to cooperate with customers in sales, marketing and service (Reinartz et al., r2012). The application of CRM is carried out in order to be able to communicate well and understand customer conditions to provide a sense of comfort (Farichah, 2017); (Havlíček et al., 2014). The importance of building trust, customer confidence to get loyal and loyal customers. The quality of service that is done well can increase customer loyalty to the company (Saidani, 2017). Service quality should always be considered and improved in order to get loyal customers (Gilaninia & Mousavian, 2011). Retaining customers is easier than finding new customers and costs less than finding new customer. With this statement, the following H3 can be made

H₃: CRM and SQ simultaneously affect CT

Frame of Mind

The following figure explains the influence of CRM, SQ on TC at the Ministry of Industry's UPPP
Figure 1. Reference to research theory

Methodology
Objects in the research of Small and Medium Industries that use the Central Public Service Unit. The research time is January to 2021 to May 2022. In this study, primary and secondary data were collected with 350 respondents.

Test Data Normality Test
Non-parametric statistics are used when testing the level of normality of research data. If the probability ($p$) < 0.05 means that the variable does not contribute, conversely if $p$ $\geq$ 0.05 then the variable is normally distributed (Suryanto & Ridwansyah, 2016). If the value of $r$ > 0.6 indicates that all items have a greater correlation value, then the question item is valid ((Suryanto, 2016) (Grima, Grima, Thalassinos, Seychell, & Spiteri, 2018)).

Hypothesis Test
Multivariate SEM technique is used to test the hypothesis. SEM as a tool for multivariate tests built by structural model and measurement system models. The three stages of activity in the SEM analysis are validity, instrument reliability, model test of the relationship between variables. The measurement model is to determine the validity of the questionnaire, while the structural model will show the relationship in the hypothesis SEM as a test tool is used to see the relationship between exogenous and endogenous constructs, a measurement model to test the relationship between indicators and latent variables. (Suryanto, 2016).

Data Analysis
Descriptive Analysis
The purpose of this analysis is to interpret the data so that it becomes information and data visualization so that it is easy to understand. The results of data analysis using SPSS can be seen in the following table:

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Alpha Value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM</td>
<td>0.725</td>
<td>Reliable</td>
</tr>
<tr>
<td>Service quality</td>
<td>0.847</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer trust</td>
<td>0.756</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

In Table 1 it can be seen that based on the results of the reliability test all variables have a Cronbach Alpha value > 0.7, so the instrument on 350 respondents is said to be reliable. (Suryanto, 2016). The next data processing is to analyze the data using the SEM structural equation, to see the size of the model's suitability with LISREL 8.30, so that the size of the model suitability is obtained in table 2, as follows:
Table 2. Model Fit Size

<table>
<thead>
<tr>
<th>GOF indicator</th>
<th>Expected size</th>
<th>Estimated Results</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Fit Size</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GFI</td>
<td>GFI &gt; 0.90</td>
<td>0.94</td>
<td>Good Fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>RMSEA &lt; 0.08</td>
<td>0.062</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Incremental Fit Size</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NNFI</td>
<td>NNFI &gt; 0.90</td>
<td>0.85</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>AGFI</td>
<td>AGFI &gt; 0.90</td>
<td>0.87</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>RFI</td>
<td>RFI &gt; 0.90</td>
<td>0.76</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>IFI</td>
<td>IFI &gt; 0.90</td>
<td>0.90</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>CFI</td>
<td>CFI &gt; 0.90</td>
<td>0.88</td>
<td>Marginal Fit</td>
</tr>
</tbody>
</table>

Marginal Fit is the suitability of the model in measuring absolute fit, incremental fit criteria and can be continued for the next analysis if it is classified as good fit criteria (Suryanto, 2016). The seven suitability measures in table two obtained index models that meet the requirements (good fit) are GFI and RMSEA. The suitability index of other models is below the good fit measure, but is still within the scope of marginal fit so that it can be continued in the next analysis. The following is a standardized parameter estimate to state the validity of each sub-variable which is an indicator of the formation of the latent variable of customer trust.

Table 3. Test of Suitability of Relationships Between Latent Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Standardized Coefficient/R2</th>
<th>t-value/ F-value</th>
<th>Statistics Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM → TC</td>
<td>0.39</td>
<td>3.57</td>
<td>Significant</td>
</tr>
<tr>
<td>Service Quality → TC</td>
<td>0.22</td>
<td>2.32</td>
<td>Significant</td>
</tr>
<tr>
<td>CRM anda SQ → TC</td>
<td>0.71</td>
<td>7.12</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Hypothesis one (H₁) in table 3 states that customer relationship management has an effect on customer trust. The results of the CRM test obtained a value of t>2 (3.57>2), it can be stated that CRM has a positive and significant influence on CT. The effect of CRM on customer trust is 0.39, so the H₁ can be accepted, namely CRM has a significant effect on consumer trust. If the service is improved, the public's trust in the Ministry of Industry’s UPPP will increase (Reinartz et al., 2012). Value creation is a key concept of customer relationship management in maximizing profits. The purpose of CRM is also to build relationships, satisfaction and increase customer loyalty and turn new customers into loyal customers (Mahanani, 2017; Zamil, 2014). Customer relationship management is essentially a combination of making a profit for the company and consumers (Kurniati, Arifin, Hamid, & Suharyono, 2015). If the company increases the value to consumers, it will get loyal customer rewards (Das, 2012). The essence of this relationship is to turn new customers into regular customers and progressively can become a strong supporter for the company in retaining customers (Amine Nehari Talet, at all. 2011).

Hypothesis two (H₂) in the table above, it can be seen that service quality has a value of t>2 (2.32>2), so it can be concluded that service quality has a positive and significant influence on customer trust. Thus hypothesis two (H₂) is accepted which states that service quality has a positive and significant influence on consumer confidence. If service quality is improved, CT in UPPP will increase by 22% (Nawaz, 2016)(Мурашко М.А., 2017). The main key to achieving sustainable excellence lies in providing good quality services that will ultimately result in satisfied customers (Amoako et al., 2012); (Killa, 2017); (Yousapronpaiboon, 2013). The main task of service providers is to pamper customers and ensure customer satisfaction (Navickas & Navikaite, 2014); (Ahuja, Markanday, Seema Mahlawat, and Rana Zehra Masood, 2011).

The third hypothesis in table 3 can be seen that CRM and SQ simultaneously have a value of t>2
(7.12> 2), so it is proven that CRM and SQ have a positive and significant influence on CT. Thus the third hypothesis is proven and can be accepted, namely CRM and SQ simultaneously have a significant effect on customer trust. The effect of CRM and SQ on CT is 0.71, so the third hypothesis (H3) is accepted and as a research finding that states CRM and SQ have a significant influence on CT (Reinartz et al., 2012) (Ida Aju Brahmasari et al., 2016). The influence of CRM and SQ simultaneously on customer trust can be seen in the following equation:

$$TC = 0.050*CR + 0.25*SQ, Errorvar = 0.93, R^2 = 0.073$$  

These findings are in accordance with the theory which shows that service quality is a comparison between the benefits received by customers and the costs incurred (Yousapronpaiboon, 2013). (Dufu & Halmacian, 2011); Customer satisfaction is an important measure of a company's success and has been shown to have positive effects such as repeat purchases and promotion to the public (Navickas & Navikaite, 2014); (Ida Aju Brahmasari et al., 2016).

**Conclusion**

Customer relationship management is proven to affect customer trust with the aim of establishing long-term cooperation with a value of t>2 (3.57> 2)(Ida Aju Brahmasari et al., 2016); (Nawaz, 2016). Customer relationship management is an integrated way of acquiring, retaining and partnering with customers (Alipour & Mohammadi, 2011).

Good service quality will affect the confidence of Small and Medium Industries in the Public Center Service Unit (Sarwar et al., 2012); (Ananth et al., 2011). (Ananth et al., 2011). Service quality is the formation of value in fostering relationships in creating added value for the company (Setyaningrum, 2017); (Gautam & Singh, 2014).

Building a relationship with customers aims to gain (a) consumer trust and confidence in the company's promises; (b) empathy is the organization's ability to understand consumers so that good cooperation is formed, (c) reciprocity in the form of benefits to companies and consumers (Bondarenko et al., 2018); (Sarwar et al., 2012); (Saxena & Khandelwal, 2016). Akbar and Parvez (2011); (Alipour & Mohammadi, 2011); (Amoako et al., 2012).

The findings in this study are that CRM, SQ also have an effect on TC. Suggestions to UPPP Ministry of Industry to consider several influential factors such as CRM, SQ and TC to maintain customer trust so they can become loyal and loyal consumers.

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