

## The Influence of Corporate Image and Service Quality on Customer Loyalty through Customer Satisfaction at PNM Ambon Branch

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### ABSTRACT

This research is used to analyze the influence of corporate image on customer loyalty, influence of service quality on customer loyalty, influence of corporate image on customer satisfaction, influence of service quality on customer satisfaction, influence of customer satisfaction on customer loyalty, influence of corporate image on customer loyalty through customer satisfaction, and influence of service quality on customer loyalty through customer satisfaction. This research uses a quantitative method, through questionnaires distributed to 88 respondents measured on a Likert scale processed using SmartPLS. The results of this study are that the company image does not have a positive and significant effect on customer loyalty, service quality does not have a positive and significant effect on customer loyalty, the company image has a positive and significant effect on customer satisfaction, service quality has a positive and significant effect on customer satisfaction, customer satisfaction has a positive and significant effect on customer loyalty, the company image on customer loyalty through customer satisfaction has a positive and significant effect, service quality on customer loyalty through customer satisfaction has a positive and significant effect

## **INTRODUCTION**

The company's rivalry is becoming more open and competitive at the moment, thus customer happiness is a key success component. The firm requires satisfied consumers in order to continue its operations and continuity, and customer happiness is possible only by delivering excellent service to the customers. Consumers frequently assess excellent service from the personnel who provide or are referred to as service providers; hence, efforts must be made to enhance the standard of the service system offered in order to satisfy wants and raise customer satisfaction. The expansion of services in the finance services industry is felt very quickly since it is aided by technology that progressively ruins human lives. Financing services, like PNM, must aim to increase the level of services that give several comforts and advantages in order to generate client satisfaction. If that client fulfillment is achieved, it is predicted that the firm's revenue will improve, and in the long term, the company will be able to grow in accordance with its client's confidence and allegiance. In this scenario, the firm's image has an equally significant role, because its public image not solely has an influence on consumer opinions of both the positive and negative aspects of the company, but it might additionally have an internal effect on the image of its personnel. A good image of business is designed so that the firm and its employees may continue to grow innovation and even deliver more and significant advantages to others, especially in terms of boosting customer satisfaction and loyalty.

According to Lusia (2018), stating that customer loyalty is a commitment that is closely held by customers in buying or prioritizing a goods or service continuously. So it can be concluded that loyalty is a commitment from consumers to a product based on its usefulness. The explanation above includes several important components, namely customer loyalty as customer behavior. Loyalty is very important in maintaining the development of a company so that customers feel very satisfied using the goods or services offered. That means the company must take the right steps to maintain loyal customers. By having loyal customers, of course, they will get many benefits, for example, the customer is not easy to move to a competitor's product and the customer has the initiative to provide recommendations for using the products offered by the company. Meanwhile, customer satisfaction refers to the client's reaction to analyzing the apparent mismatch following its use. One of the factors influencing customer happiness is the customer's perception of service quality. Customer happiness is critical for any firm, particularly one that provides services like PNM, wherein service quality or image play a significant role in customer satisfaction. Previous researchers' findings indicate a research void. Zusmawati (2023) found that the company's image as well as service quality possess a significant effect upon customer loyalty and satisfaction, while Ichsan and Karim (2021) found that service quality plays a significant effect upon customer satisfaction. Subagiyo and Budiman (2019) also found that the company's image as well as service quality possess a significant effect upon customer satisfaction. Whereas the findings from study of Octavia (2019) clarify that service quality possesses a

significant effect upon customer satisfaction however no significant effect upon customer loyalty, there is also research coming from Pontoh et al (2014) which asserts that the company's image possesses no effect on customer satisfaction, Research from Adriyani & Ardianto (2020) showing that service quality has no effect on customer satisfaction while product quality affects customer satisfaction.

PNM Ambon Branch now consists of 4 UlaMM Units starting to experience growth by increasing the number of customers owned, always trying to develop themselves, especially in providing maximum service and a better company image for customer customers. In order for the company's services and image to have a significant impact upon customer satisfaction as well as loyalty, it is necessary to pay in-depth attention to all certain aspects that can create satisfaction and loyalty for customers. Satisfaction and loyalty can be created from a good image in the perspective of the community, so that it can be a reason for people to choose financing services, especially UlaMM. The following is attached an example of data on the results of PNM posts related to positive news on social media for the period August 2024 which can affect PNM's Image in the Community.

Table 1. PNM Social Media Posts per Year

| Year | Number of positive news shared | Total Top 10 Online Media | Issue/Company Image |
|------|--------------------------------|---------------------------|---------------------|
| 2019 | 34                             | 11                        | Positive            |
| 2020 | 38                             | 8                         | Positive            |
| 2021 | 45                             | 9                         | Positive            |
| 2022 | 67                             | 12                        | Positive            |
| 2023 | 75                             | 5                         | Negative            |
| 2024 | 72                             | 8                         | Positive            |

In addition to the quality of service from the attached data, it is also clear that the influence of positive news can affect PNM's image so that it can have an important influence in providing satisfaction to customers. Thus the purpose of this research is:

1. To analyze the effect of Company Image on Customer Loyalty at PNM Ambon Branch
2. To analyze the effect of Service Quality on Customer Loyalty at PNM Ambon Branch
3. To analyze the effect of Company Image on Customer Satisfaction at PNM Ambon Branch
4. To analyze the effect of Service Quality on Customer Satisfaction at PNM Ambon Branch
5. To analyze the effect of Customer Satisfaction on Customer Loyalty at PNM Ambon Branch.
6. To analyze the effect of company image on customer loyalty through customer satisfaction at PNM Ambon branch.
7. To analyze the effect of service quality on customer loyalty through customer satisfaction at PNM Ambon branch.

## **LITERATURE REVIEW**

### **Company Image**

An image is a feeling formed by an individual's understanding and appreciation of the truth or facts (Adriyani & Ardianto, 2020). Company image is an impression or image of a company in the eyes of the wider community that is formed based on their personal knowledge and experience, meaning that the image must be deliberately created to be positive.

Positive things that can improve the company's image are through the success of the company, the history or history of the company and most importantly in today's digitalization era, the results of posts related to positive things on social media can also contribute greatly to improving the company's good image in the eyes of the public. Thus, the corporate image is a representation of an institution with the hope of being able to encourage a more positive corporate image. Meanwhile, the 2011 Corporate Image Index survey conducted by Frontier Marketing and Research Consultant, in collaboration with Business Week magazine for around 120 large companies in Indonesia, measured the company's image based on four dimensions, as follows:

1. Quality dimension. This dimension relates to the quality of the company's products or services, its ability to innovate and the level of trust in the company.
2. Performance dimension. This dimension relates to the company's financial performance and the ability of its business to grow.
3. Responsibility dimension. This dimension relates to concern for the environment and social responsibility.
4. Attractiveness dimension. This dimension includes the image of the company built by its employees.

The following are indicators of company image, among others:

1. Creator Image consists of company popularity and credibility
2. User image consists of lifestyle, personality and Social Status
3. Product image consists of Product Benefits and usage

Kotler & Keller (2018) explain the characteristics of services as follows:

Services are intangible; contrary to physical goods, they can't be witnessed, felt, grasped, noticed, or smelt before acquisition. To decrease ambiguity, customers will seek evidence of service excellence. They will develop judgments about service quality based on the locations, staff, technology, means of communication, symbols, and pricing they observe. Services may not be separated; they are often generated and consumed concurrently. Unlike actual commodities, which are manufactured, held in inventory, distributed to multiple vendors, and then consumed. If a service is done by humans, the provider is an integral aspect of it. Because the customer also exists while the service takes place, provider-client contact is a distinctive aspect of services. The service's result is influenced by both the supplier and the client. Services are very varied since they are provided by different people and done at different times and locations. Service purchasers are conscious of the considerable variability and frequently discuss it with others prior selecting a service provider. Service businesses may take actions to improve their quality standards by investing in hiring and educating of good staff members aligning service delivery processes across the organization, and tracking client happiness through systems, recommendations, and critiques, purchasing goods surveys, and shopping comparisons so that insufficient services will be identified and corrected.

Services do not last and cannot be kept. Non-durability of services is not a concern if request is consistent since it is simple to plan workers to execute the task in advance. If demand fluctuates, service companies face complicated problems. For example, hotel companies must have relatively many and skillful employees when visitors are crowded because hotel guests expect almost simultaneous service. This is not the case when visitors are not too crowded.

Tjiptono (2016) said that services have four characteristics including:

1. Intangible

Services have intangible properties because they do not look like concrete products or goods, so buyers do not try first before there is a purchase transaction. With this nature, the way to market it is as much as possible to instill a sense of trust in customers by way of: visualizing services, emphasizing the benefits of the services offered and creating brands for the services sold.

2. Inseparability

A form of service may not be separated from the source, it cannot be separated therefore its sale is not possible by bringing services everywhere approaching consumers, but it is consumers who must approach the service seller. Therefore, to attract customers, there are several strategies that can be applied, namely providing faster, professional and satisfying services, fostering consumer confidence by improving service quality.

### 3. Variability

The actual service sector is very volatile, because this service depends on who presents it, when and where it is presented. Service production results do not have objective standards and measures. Therefore, it is necessary to control the quality that can be done by selecting and training employees appropriately and following the development of satisfaction levels through a system of suggestions and opportunities.

### 4. Perishability

Services cannot be stored. In this case, of course, it will be hard for the company to plan sales appropriately.

## **Service Quality**

Service quality is sometimes seen as an index of the excellence of a good or service, comprising of design and compliance quality. Design quality of service is established by the specifications of the product, whereas applicability service quality measures how well a product meets established quality needs or specifications. Tjiptono (2016) identifies five types of quality views, which include:

1. The transcendental method of quality emphasizes intrinsic greatness, which is hard to pin down and implement, particularly in the field of art.
2. In an approach based on products, quality is quantifiable and measurable. Quality disparities are reflected in the amount of components or qualities that a product contains.
3. In a user-based approach, quality is determined by one's personal tastes, resulting in the greatest value product.
4. In a manufacturing-based method, quality is defined as compliance to specifications. In the hospitality industry, quality is frequently driven by the objective of boosting performance and lowering costs.
5. The value-based strategy evaluates quality according to value for money. Quality is dependent, hence the most excellent product is not always the most worth. Nevertheless, the most valued are the things or items that are most suitable for purchase.

Service quality is an endeavor to meet the wants and aspirations of consumers while also ensuring the correctness of their execution in order to satisfy the demands of customers. Tjiptono (2016) defines service quality as the level of perfection anticipated and the control at the degree of perfection in order to satisfy customer expectations. In this regard, there are two major aspects that might influence service quality: anticipated service as well as perceived service, or anticipated service and the service obtained or recognized.

If the service provided or experienced meets expectations, the level of service is regarded as good and gratifying. If the service obtained or felt surpasses what the client wanted, it is regarded as perfect quality. In contrast, if the service obtained is below expectations, it is seen as low-quality. Quality begins with the customer's wants and concludes with their impressions. This indicates that the image of excellent quality is determined by the customer's perspective, rather than the service provider's. The client decides the standard of a service. Thus, the

capacity of the service provider to regularly satisfy consumer expectations determines whether the service quality is excellent or not.

According to Zeithaml in Tjiptono (2016) service quality includes 5 dimensions, namely:

- Tangibles

Includes Physical infrastructure, devices, staff, and modes of connection. This refers to the physical buildings, staff appearance, devices, and technologies utilized to provide services, physical facilities such as warehouses, service rooms, cleanliness, waiting rooms, music facilities, air conditioning, parking lots are one aspect of service quality because they will contribute to consumers who need company services. Good employees appearance will generate an impression of appreciation for the consumers serviced, whilst the technology and devices utilized in delivering services will add to the rapidity and precision of service.

- Reliability

The ability to provide the specified quality accurately and consistently. This implies that anytime the service is offered, it has to arrive on time and meet the same requirements without fault.

- Responsiveness

Employees' capacity to assist consumers and respond to their needs. This is evident in the speed and accuracy of services delivered to clients.

- Assurance

Staff ability, civility, and reliability, without hazard or the chance of doubt. Employees' capacity to inspire trust in consumers, as well as their expertise and kindness when offering services to clients, will establish confidence and dependability in the organization.

- Empathy

Ease of interaction, efficient interaction, individual care, and knowledge of consumer demands. This refers to staff' attentiveness or concern for consumers.

#### Customer Loyalty

Loyalty is an individual's mindset toward continuing to use the goods or services offered by the business. Building client loyalty is a key objective for businesses, particularly service providers like PNM. According to Kotler and Keller (2018), loyalty is an intention to purchase or repeat a favored item or service in the years to come, regardless of situational effects, advertisements, or attempts to argue. Customer loyalty is viewed by the firm as part of its strategy to communicate with rivals and as a means of connecting the company with its target market. Customer loyalty is required as part of a comprehensive marketing strategy. According to Kotler & Keller (2018) indicators of customer loyalty include:

1. Repeat purchase or loyalty to product purchases
2. Retention or resistance to unfavorable influences about the firm
3. Total referrals for the company's substance.

Loyalty may be developed when a consumer is pleased with the standard of service provided and desires to prolong the connection. Maximum satisfactory service will generate client happiness, and consumers will eventually become loyal to the firm. Companies are advised to be able to continue to retain customers because the cost of replacing customers or customers will be greater than maintaining existing customers. Apart from company profits, customer loyalty can also increase profits and national and international market share.

### **Customer Satisfaction**

Customer satisfaction is a response that arises to the mismatch among the stages of prior urgency and the real efficiency experienced after usage. Customer satisfaction is impacted by views on the level of service, the quality of the product, pricing, and other personal and temporal aspects. Consumer or customer satisfaction according to Kotler & Keller (2018) Customer satisfaction is the result of the contrast across what customers expect before purchasing and what they truly receive from the goods purchased.

The definition of Customer satisfaction is a reaction to the customer's conduct measured by contrasting perceived accomplishments or outcomes to anticipation. If the actual outcomes fall short of expectations, the client will be dissatisfied less happy, or even unsatisfied; nevertheless, if the performance meets or surpasses expectations, the consumer will be extremely satisfied. Consumer-oriented firms often perform satisfaction studies. Kotler & Keller (2018), to measure customer satisfaction, several methods can be applied, including:

1. Complaint and Feedback System.

Consumer-oriented company ought to provide opportunities for consumers to submit feedback and critique. The information obtained will be vital feedback for the organization, allowing it to respond swiftly and quickly to any issues that develop. Efforts to get suggestions (especially quality or good suggestions) from consumers are difficult to realize, especially if the company does not provide adequate reciprocity.

2. Consumer Satisfaction Survey

Customer satisfaction may be measured using this approach by asking consumers directly; questions regarding two things, for example consumer expectations of any attributes and the total of performance they feel; respondents are asked to express two main things, namely about the problems faced related to the company's offerings and suggestions for improvement; furthermore, respondents are asked to determine how good the company performs in each element or attribute.

3. Invisibility Spending

This method is done by hiring few people to act as consumers or potential buyers of company and competitor products. The purpose of this method is to find the strengths and weaknesses of competing companies.

4. Losing customer analysis.

This method the company visits consumers who have stopped their purchases. The goal is to obtain information on the cause of the stop. This information is useful for companies to take another policies to increase customer service satisfaction.

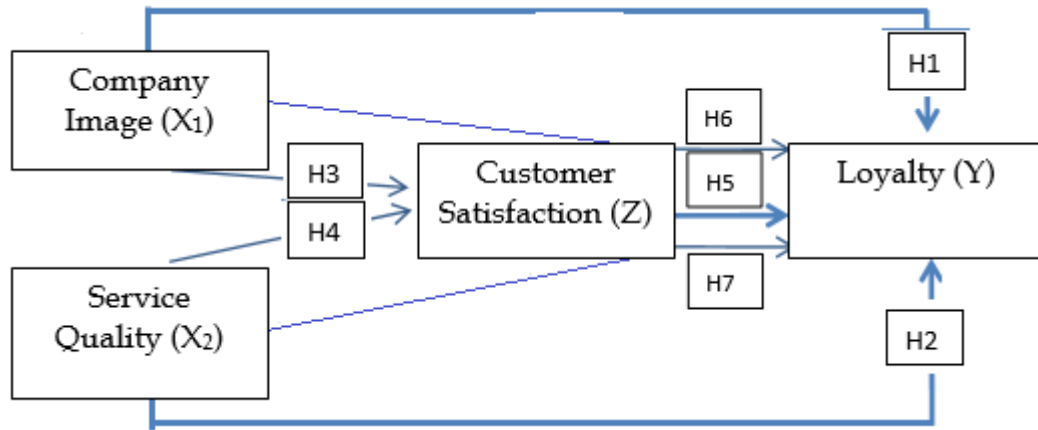


Figure 1. Conceptual Framework

**Hypothesis**

- H1 : Company image has a positive and significant effect on customer loyalty
- H2 : Service quality does not have a positive and significant effect on customer loyalty
- H3 : Company image does not have a positive and significant effect on customer satisfaction
- H4 : Service quality has a positive and significant effect on customer satisfaction
- H5 : Customer satisfaction has a positive and significant effect on customer loyalty
- H6 : Company image has a positive and significant effect on customer loyalty through satisfaction.
- H7 : Service quality has a positive and significant effect on customer loyalty through satisfaction.

## **METHODOLOGY**

Quantitative research chosen using a causal research design where the research will compare 2 different things to get the aim of the two things. Researchers will conduct research on a population of a sample of third party customers and Data analysis is quantitative or empirical, with the goal of evaluating established hypotheses. In general, quantitative research is designed to produce a general or general explanation of a phenomenon. To get this general explanation, several variables are used in this study. The variables used are the independent variables, namely Company Image (X1) as well as Service Quality (X2), customer loyalty (Y) become dependent variable while the intervening variable is customer satisfaction (Z). The unit of analysis is a certain unit that is taken into account as a research subject. In the end, the unit of analysis is translated as something related to the focus or component under study. customer of PT PNM Ambon Branch is the unit analysis. The purpose of this unit of analysis is carried out by researchers so that the validity and reliability of researchers can be maintained.

Population is a field of generalization comprising of things or persons with specific attributes and characteristics defined by scholars to examine and then form conclusions. (Sugiyono, 2019). The population is customer PT PNM (Permodalan Nasional Madani) ULaMM Ambon Branch, totaling 269 customers. The sample represents a subset of the population's numbers and attributes. If the population is huge and the scholar is unlikely to investigate everybody in the population, the scholar employs a sample drawn from the population. This research uses non probability sampling, a sampling technique not providing equal opportunities / opportunities for any related to population to be chosen as a sample (Sugiyono, 2019). The sampling technique is purposing sampling, that data source sampling technique with certain considerations. The proposed criteria are

1. Being a customer of ULaMM Ambon Branch for at least 1 year
2. A customer with at least 12 months of current collectibility

With the criteria that have been set, the number of eligible customers is 88 people.

The data used in this investigation is quantitative. This data is utilized to study on populations (specific samples), data collecting utilizing research tools, data processing objectives to test prepared hypotheses, Sugiyono (2019). While the data source in the study is mainly data where The data is obtained straight from the place within study, which is PNM Customers, Ambon Branch, and is presented in a set of responses from participants concerning the impact of company image as well as service quality upon customer loyalty as measured by customer satisfaction.

This study used a data collection method from the results of a questionnaire (Google Form given directly to customers / samples. the reason the author uses this data collection technique is due to the limited time available and the questionnaire is also an efficient data collection method that will be measured and that can be expected from respondents (Iskandar, 2008). This research questionnaire was prepared using a nominal or interval measurement scale. Attached is an example of instrument measurement using a The Likert scale ranges from 1 (strongly disapprove) to 5 (strongly approve). This paper employs SEM (structural equation modeling) analysis of data methods using the PLS (partial least squares) tool. SEM is a statistical research that may examine several associations that are typically hard to quantify at the same time. The method of SEM is a multivariate analysis approach that combines factor evaluation and regression evaluation (correlation) to investigate the connection among variables in a model, as well as the connection between various indicators and their concepts. PLS is a structural equation model based on components or variants of the SEM. PLS is an alternate technique that changes from a covariance-based SEM to a variant-based approach.

Table 2. Research Object

| Characteristics                | Criteria          | Total |         |
|--------------------------------|-------------------|-------|---------|
| Financing Loan                 | 15 - 25 Million   | 17    | 19,32%  |
|                                | 26 - 40 Million   | 13    | 14,77%  |
|                                | 41 - 60 Million   | 21    | 23,86%  |
|                                | 61 - 80 Million   | 7     | 7,95%   |
|                                | 81 - 100 Million  | 5     | 5,68%   |
|                                | 101 - 150 Million | 12    | 13,64%  |
|                                | > 151 Million     | 13    | 14,77%  |
|                                | Total             | 88    | 100,00% |
| Length of time as PNM customer | 1 - 2 Years       | 34    | 38,64%  |
|                                | 3 - 4 Years       | 41    | 46,59%  |
|                                | > 5 Years         | 13    | 14,77%  |
|                                | Total             | 88    | 100,00% |

**RESULTS**

**Convergent Validity**

Table 3. Outer Loading

|       | Company Image | Customer Satisfaction | Service Quality | Customer Loyalty |
|-------|---------------|-----------------------|-----------------|------------------|
| x1.1  | 0,790         |                       |                 |                  |
| x1.2  | 0,885         |                       |                 |                  |
| x1.3  | 0,851         |                       |                 |                  |
| x1.4  | 0,890         |                       |                 |                  |
| x1.5  | 0,898         |                       |                 |                  |
| x1.6  | 0,855         |                       |                 |                  |
| x2.1  |               |                       | 0,834           |                  |
| x2.10 |               |                       | 0,856           |                  |
| x2.2  |               |                       | 0,845           |                  |
| x2.3  |               |                       | 0,885           |                  |
| x2.4  |               |                       | 0,855           |                  |
| x2.5  |               |                       | 0,901           |                  |
| x2.6  |               |                       | 0,887           |                  |
| x2.7  |               |                       | 0,852           |                  |
| x2.8  |               |                       | 0,931           |                  |
| x2.9  |               |                       | 0,876           |                  |
| y1    |               |                       |                 | 0,933            |
| y2    |               |                       |                 | 0,942            |
| y3    |               |                       |                 | 0,952            |
| y4    |               |                       |                 | 0,920            |
| y5    |               |                       |                 | 0,958            |
| y6    |               |                       |                 | 0,931            |
| z1    |               | 0,895                 |                 |                  |
| z2    |               | 0,949                 |                 |                  |
| z3    |               | 0,927                 |                 |                  |
| z4    |               | 0,928                 |                 |                  |
| z5    |               | 0,904                 |                 |                  |
| z6    |               | 0,903                 |                 |                  |

Outer loadings show the validity of indicators on latent constructs. All outer loading values are above 0.7, which indicates that the indicators used have met the criteria for convergent validity. These results indicate that each indicator has a strong contribution to its respective construct.

## Discriminat Validity

Table 4. Fornell-Larcker Criterion

|                       | Company Image | Customer Satisfaction | Service Quality | Customer Loyalty |
|-----------------------|---------------|-----------------------|-----------------|------------------|
| Company Image         | 0,862         |                       |                 |                  |
| Customer Satisfaction | 0,890         | 0,918                 |                 |                  |
| Service Quality       | 0,916         | 0,922                 | 0,873           |                  |
| Customer Loyalty      | 0,837         | 0,934                 | 0,865           | 0,940            |

The Fornell-Larcker criterion shows that the AVE square root value of each construct is greater than the correlation between constructs. For example, the AVE of Company Image is  $\sqrt{0.862} = 0.928$  which is greater than the correlation between Company Image and Customer Satisfaction (0.890). This proves that each construct is unique and has good discriminant validity.

Table 5. Cross Loading

|       | Company Image | Customer Satisfaction | Service Quality | Customer Loyalty |
|-------|---------------|-----------------------|-----------------|------------------|
| x1.1  | 0,790         | 0,623                 | 0,708           | 0,634            |
| x1.2  | 0,885         | 0,810                 | 0,779           | 0,716            |
| x1.3  | 0,851         | 0,741                 | 0,775           | 0,659            |
| x1.4  | 0,890         | 0,825                 | 0,779           | 0,788            |
| x1.5  | 0,898         | 0,811                 | 0,854           | 0,808            |
| x1.6  | 0,855         | 0,770                 | 0,837           | 0,709            |
| x2.1  | 0,756         | 0,715                 | 0,834           | 0,637            |
| x2.10 | 0,747         | 0,855                 | 0,856           | 0,811            |
| x2.2  | 0,749         | 0,732                 | 0,845           | 0,690            |
| x2.3  | 0,824         | 0,799                 | 0,885           | 0,735            |
| x2.4  | 0,797         | 0,782                 | 0,855           | 0,710            |
| x2.5  | 0,851         | 0,807                 | 0,901           | 0,788            |
| x2.6  | 0,845         | 0,828                 | 0,887           | 0,769            |
| x2.7  | 0,747         | 0,765                 | 0,852           | 0,734            |
| x2.8  | 0,868         | 0,903                 | 0,931           | 0,868            |
| x2.9  | 0,799         | 0,834                 | 0,876           | 0,770            |
| y1    | 0,791         | 0,850                 | 0,809           | 0,933            |
| y2    | 0,778         | 0,857                 | 0,766           | 0,942            |
| y3    | 0,799         | 0,879                 | 0,780           | 0,952            |
| y4    | 0,786         | 0,863                 | 0,848           | 0,920            |
| y5    | 0,764         | 0,889                 | 0,819           | 0,958            |
| y6    | 0,802         | 0,921                 | 0,848           | 0,931            |
| z1    | 0,736         | 0,895                 | 0,800           | 0,884            |
| z2    | 0,807         | 0,949                 | 0,829           | 0,848            |
| z3    | 0,868         | 0,927                 | 0,889           | 0,890            |
| z4    | 0,831         | 0,928                 | 0,905           | 0,867            |
| z5    | 0,791         | 0,904                 | 0,813           | 0,803            |
| z6    | 0,862         | 0,903                 | 0,836           | 0,846            |

Loading each construct indicator is greater than loading other indicators, for example in the customer satisfaction variable, the z6 indicator is 0.903 greater than the indicators of other variables. These results indicate that discriminant validity is considered good.

**Construct Reliability and Validity**

Table 6. Construct Reliability and Validity

|                       | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE) |
|-----------------------|------------------|-------|-----------------------|----------------------------------|
| Company Image         | 0,931            | 0,936 | 0,946                 | 0,744                            |
| Customer Satisfaction | 0,963            | 0,963 | 0,970                 | 0,843                            |
| Service Quality       | 0,965            | 0,967 | 0,970                 | 0,762                            |
| Customer Loyalty      | 0,973            | 0,974 | 0,978                 | 0,883                            |

All values are above the minimum criteria, the average variance extracted (AVE) value > 0.5 and the composite reliability (CR) and Cronbach's alpha values > 0.7. This value indicates that the constructs of each variable have very good internal consistency.

**R-Square**

Table 7. R Square

|                       | R Square | R Square Adjusted |
|-----------------------|----------|-------------------|
| Customer Satisfaction | 0,863    | 0,860             |
| Customer Loyalty      | 0,872    | 0,867             |

Customer satisfaction has an R<sup>2</sup> of 0.863, which means that the company's image and service quality explain 86.3% of variations in customer satisfaction, falling within the criteria for strong predictive power. customer loyalty has an R<sup>2</sup> of 0.872, indicating that customer satisfaction has a dominant contribution to customer loyalty, included in the criteria for strong predictive power.

**F-Square**

Table 8. F Square

|                       | Company Image | Customer Satisfaction | Service Quality | Customer Loyalty |
|-----------------------|---------------|-----------------------|-----------------|------------------|
| Company Image         |               | 0,092                 |                 | 0,001            |
| Customer Satisfaction |               |                       |                 | 0,870            |
| Service Quality       |               | 0,522                 |                 | 0,000            |
| Customer Loyalty      |               |                       |                 |                  |

Company image has a small contribution to customer satisfaction (0.092) but does not make any contribution to loyalty (-0.001). While service quality makes a large contribution to customer satisfaction (0.522) but does not contribute anything to loyalty (-0.000).

**Q-Square**

Table 9. Q Square

|                       | SSO     | SSE     | Q <sup>2</sup> (=1-SSE/SSO) |
|-----------------------|---------|---------|-----------------------------|
| Company Image         | 528,000 | 191,898 | 0,637                       |
| Customer Satisfaction | 528,000 | 122,806 | 0,767                       |
| Service Quality       | 880,000 | 264,563 | 0,699                       |
| Customer Loyalty      | 528,000 | 93,889  | 0,822                       |

All variables have  $Q^2 > 0$ , indicating high predictive relevance. The customer loyalty variable has the highest  $Q^2$  value (0.822), indicating that this model is very effective in predicting customer loyalty based on other variables.

**Hypothesis Test**

Table 10. Test Results

|  | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics ( O/STDEV ) | P Values     |
|--|---------------------|-----------------|----------------------------|--------------------------|--------------|
| Company Image -> Customer Satisfaction                       | 0,280               | 0,280           | 0,108                      | 2,600                    | <b>0,011</b> |
| Company Image -> Customer Loyalty                            | 0,031               | 0,026           | 0,108                      | 0,290                    | <b>0,772</b> |
| Customer Satisfaction -> Customer Loyalty                    | 0,901               | 0,898           | 0,133                      | 6,784                    | <b>0,000</b> |
| Service Quality -> Customer Satisfaction                     | 0,665               | 0,663           | 0,098                      | 6,821                    | <b>0,000</b> |
| Service Quality -> Customer Loyalty                          | 0,005               | 0,015           | 0,148                      | 0,032                    | <b>0,975</b> |
| Company Image -> Customer Satisfaction -> Customer Loyalty   | 0,253               | 0,246           | 0,092                      | 2,746                    | <b>0,007</b> |
| Service Quality -> Customer Satisfaction -> Customer Loyalty | 0,600               | 0,600           | 0,144                      | 4,179                    | <b>0,000</b> |

## **DISCUSSION**

### **The Effect of Company Image on Customer Loyalty**

The p value of 0.772 above 0.05 means that there is no significant effect. Company image has no positive and significant effect on customer loyalty (H1 rejected). Direct focus on improving the company's image is not enough to build customer loyalty, it is necessary to utilize customer satisfaction as a mediating variable to connect the company's image with customer loyalty.

### **The Effect of Service Quality on Customer Loyalty**

The p value of 0.975 above 0.05 means that there is no significant effect. Service quality has no positive and significant effect on customer loyalty (H2 accepted). Improving service quality alone is not enough to build customer loyalty without going through mediators such as customer satisfaction. Companies need to ensure that improving service quality also results in satisfaction, because that is where the loyalty effect will be created.

### **The Effect of Company Image on Customer Satisfaction**

The p value of 0.011 below 0.05 means that it has a significant effect and the positive original sample value of 0.280 means that an increase in company image directly increases customer satisfaction by 28%. Corporate image has a positive and significant effect on customer satisfaction (H3 is rejected). Improving the company's image through strategies such as branding, social responsibility, or effective communication can directly increase customer satisfaction. Customers who feel that the company has a positive image will be more likely to be satisfied with the product or service received.

### **The Effect of Service Quality on Customer Satisfaction**

The p value of 0.000 below 0.05 means that it has a significant effect and the positive original sample value of 0.665 means that improving service quality directly increases customer satisfaction by 66.5%. Service quality has a positive and significant effect on customer satisfaction (H4 accepted). Improving service quality, such as speed, reliability, convenience, and friendliness, will significantly increase customer satisfaction. Employee training, service innovation, and attention to customer complaints can be the main strategies to improve service quality.

### **The Effect of Customer Satisfaction on Customer Loyalty**

The p value of 0.000 below 0.05 means that it has a significant effect and the positive original sample value of 0.901 means that an increase in customer satisfaction directly increases customer loyalty by 90.1%. Customer satisfaction has a positive and significant effect on customer loyalty (H5 accepted). Customer satisfaction should be the company's top priority because it directly affects customer loyalty. Companies need to ensure the quality of products, services, and customer experience consistently so that satisfaction is maintained, which ultimately strengthens loyalty.

### **The Effect of Company Image on Customer Loyalty through Customer Satisfaction**

The p value of 0.007 below 0.05 means that it has a significant effect and the positive original sample value of 0.253 means that an increase in company image indirectly increases customer loyalty through customer satisfaction by 25.3%. The indirect relation among company image and customer loyalty through customer satisfaction has a positive and significant effect (H6 accepted). Customer satisfaction acts as a mediator that strengthens the relationship between company image and customer loyalty. This shows that to increase customer loyalty, improving the company's image is not enough without ensuring that customers are satisfied.

### **The Effect of Service Quality on Customer Loyalty through Customer Satisfaction**

The p value of 0.000 below 0.05 means that it has a significant effect and the positive original sample value of 0.600 means that improving service quality indirectly increases customer loyalty through customer satisfaction by 60%. The indirect relation among service quality and customer loyalty through customer satisfaction has a positive and significant effect (H7 accepted). Customer satisfaction is the main mediator in the relationship between service quality and customer loyalty. This shows that focusing on improving service quality will increase customer satisfaction, which then has a major impact on customer loyalty.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Company Image Has no Positive and Significant Effect on Customer Loyalty (H1 Rejected).**

Customers may have their loyalty influenced more by other factors, such as competitive offers or a pressing need for financial products, than by the company's image alone. They may prioritize practical benefits over company reputation.

### **Service Quality Has No Positive and Significant Effect on Customer Loyalty (H2 Accepted)**

While quality service is important, customer loyalty may be influenced more by price, availability of relevant products, or ease of access to services, rather than the quality of the service itself. In addition, competition in the financial industry offering similar services can make it easy for customers to switch.

### **Company Image Has a Positive and Significant Effect on Customer Satisfaction (H3 Rejected)**

Customers have a positive perception of the company (the company is known for its reliability, good business ethics, and contribution to society), they tend to feel satisfied with the services provided. A good image creates positive expectations of the company, which in turn affects their experience.

#### **Service Quality Has a Positive and Significant Effect on Customer Satisfaction (H4 Accepted)**

Customers tend to feel satisfied when they receive services that meet or even exceed their expectations, such as staff friendliness, service speed, ease of access, and effective solutions to problems encountered. Consistent service quality creates a positive experience for customers, which in turn improves their perception of the company.

#### **Customer Satisfaction Has a Positive and Significant Effect on Customer Loyalty (H5 Accepted)**

Companies are able to provide a consistent and pleasant customer experience, such as ensuring short waiting times, friendly service, and solving problems quickly, customers will feel satisfied and are more likely to continue to choose the company despite competitors and lead to higher customer loyalty. Thus, prioritizing customer satisfaction creates a strong bond with customers, ultimately increasing loyalty and reducing the likelihood of customers switching to competitors.

#### **The Indirect Relationship of Company Image to Customer Loyalty through Customer Satisfaction Has a Positive and Significant Effect (H6 Accepted)**

Positive customer perceptions of the company's image such as good reputation, social contribution, or brand excellence, can increase the level of customer satisfaction with the service or product received. Customer satisfaction is an important element that connects corporate image with loyalty. In other words, the company's image is not strong enough to directly influence loyalty, but when customers are satisfied with the services that match the image, loyalty will be formed. When customer expectations based on the company's image are aligned with their experience (through satisfactory service), this will encourage customers to remain loyal to the company.

#### **The Indirect Relationship of Service Quality to Customer Loyalty through Customer Satisfaction Has a Positive and Significant Effect (H7 Accepted)**

When the company provides satisfactory service (fast, precise, friendly, and responsive), it will increase customer satisfaction. This satisfaction is a key factor that encourages customers to remain loyal to use the company's products or services. If customers are satisfied, they are more likely to return to use the service in the future and even recommend it to others and as a result of high satisfaction, customers feel more attached and more loyal to the company, although service quality is the main element that starts the process.

In the company image variable, indicator x1.4 gets the smallest score of 4.19 with the statement "I believe that PT PNM Ambon branch sets a good interest rate". To overcome this, the company can be transparent in setting interest rates, providing comparisons with competitors, providing flexible payment facilities.

In the service quality variable, indicator x2.5 gets the smallest score of 4.28 with the statement "Employees of PT PNM Ambon Branch are always responsive to complaints given by customers". To further improve this, the company can improve and maintain the speed of response, train effective problem solving skills in following up on complaints and improve the system for recording and managing complaints.

In the customer satisfaction variable, the z2 indicator gets the smallest score of 4.27 with the statement "I feel satisfied with the products provided by PT PNM Ambon Branch". To improve and maintain this, the company must maintain consistency in product and service quality, personalize services and products, improve product education and information as well as accessibility and convenience, always maintain relationships with customers.

In the loyalty variable, indicator y2 received the smallest score of 4.18 with the statement "I don't want to take a loan anywhere else other than PT PNM". It should be considered again so that the company offers more competitive and flexible interest rates, perfects loyalty and incentive programs, transparency and clarity of information, follow-up and problem solving quickly.

## **FURTHER STUDY**

### **1. Expand the Research Location**

This research was only conducted at PNM Ambon Branch, which limits the generalization of the research results to other branches or regions. Factors affecting company image, service quality, satisfaction, and customer loyalty in Ambon may be different from those in other branches or regions, both due to demographic and local cultural differences.

### **2. Increase Research Time**

This study has time limitations, where the data collected only covers a certain period. This may affect the representativeness of the results, as customer perceptions of company image and service quality may change over time, especially with changes in company policies or external conditions that affect services.

### **3. Increase Variable Measurements**

This study only measures company image, service quality, customer satisfaction, and customer loyalty. There are many other factors that can affect customer loyalty, such as price factors, product features, ease of access, and competition in the market. Therefore, this study may not fully describe other factors that also play a role in shaping customer loyalty.

### **4. Broaden the Research Focus**

This research focuses on existing customers who actively use services at PNM Ambon Branch, which means it does not consider potential new customers or customers who have not yet decided to interact with the company. Factors that influence the decision of new customers to join the company may be different compared to customers who are already involved.

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