Research.

THE EFFECTS OF THE QUALITY SERVICE
AND THE CUSTOMER LOYALTY
UPON THE REVENUE OF TELKOM COOPERATION
UNIT BOGOR

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Abstract. *Objective of this research is to identify whether the quality of the product and the customers loyalty have affected the revenue of Telkom Cooperation Bogor either simultaneously or partly.*

The population are the customers of Telkom Cooperation Bogor which is 240 people. Sampling has applied slovin formulation with 5% error rate resulting 150 respondents.

Instrument of this research is the questionnaires. Collected data has been processed using a simple regression analysis technique and multiple regression applying SPSS (Statistical Package for Social Science).

*The result of the research has indicated that: First, the quality of a service has positively and significantly affected the revenue refers to the regression function $Y = 38.598 + 0.532X_1$, it explains that when the quality of service is constant or $X_1 = 0$, the revenue will be 38.598. Coefficient beta (b_1) is 0.532 indicating that when the quality of service is increased 1 point, the revenue will increase 0.532. Second, the customers' loyality has positively and significantly affected the revenue refers to the regression function $Y = 43.333 + 0.467X_2$, it means that when the customers loyality is constant or $X_2 = 0$, the revenue will be 43.333. Coefficient beta (b_2) is 0.467 indicating that when the customers' loyalty is increased 1 point, the revenue will increase 0.467. Third, both the quality of a service and the customers loyalty have positively and significantly affected the revenue refers to the multiple regression function $Y = 26.760 + 0.412X_1 + 0.191X_2$ which explaining: The value of 0.412 is the coefficient value of variable X_1 for b_1 value refers to the equations of multiple linear regression $Y = a+b_1X_1+b_2X_2$ and $b_1 = 0.412$ identifying that every increasing of 1 point of the quality of service will obviously affect the revenue of 0.412 points and other independent variables are constant. The value of 0.191 is the coefficient value of variable X_2 for b_2 refers to the equations of multiple linear regression $Y = a+b_1X_1+b_2X_2$ and $b_2 = 0.191$, explaining that every increasing of 1 point of the customers' loyalty will affect the revenue of 0.191 point and the other independent variables are constant. Nevertheles the value of 26.760 is constant for the **a** value which is Y value when X = 0. The + (positive) token on the variable of the quality of service and the customers' loyalty. The percentage value of the quality of service variable and the customers loyalty upon the revenue has obtained the Adjusted R Square value of 0.405 or (40.5%). It has indicated that the percentage of the effect of independent variable which is both the quality of service and the customers loyalty have affected the revenue 40.5%, moreover the remaining of 59.5% has been affected by other variables which are not included in this research.*

Keywords : The Quality of Service, the Customer Loyalty and Revenue.

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INTRODUCTION

Background

Business development and global competition as well as the economics evolvement have been affecting the development of the society life style and business competition especially the service business. The quality of service is very crucial in service business because it has been impacting to the development of an organization. Customers loyalty is depending on a service quality expected by the customers. Therefore, the quality of a service is a benchmarking of the service industry to compete.

Developing SOPP (system online payment point) has been performed by Bogor Telkom Cooperation Unit, either management or operational aspect has been affected by business requirements refers to the outlet of telephone payment service to provide a proper service to satisfy the customers.

In order to maintain the quality of service of a company within global competition, a service quality using media is an effective communication tools to provide any customer's information to get their loyalty.

Recently, the quality of service competition has occurred either in business or non business institution. Furthermore, the society requirement about the quality of service improvement has been discussed continuously. As a matter of fact, some products and services have been improved because an ineffective customer service has created the customers' complaints. Actually, It seems that the customer's right has been put under the producers of the service and products, because most of their complaints have not yet been handled in a proper way. In the business of SOPP outlet managed by the Cooperation unit of Telkom Bogor has invited the writer's attention to question it whether it could compete with other equal companies accordingly.

This phenomenon has been described on the SOPP business which has been managed by the Cooperation Unit of Telkom Bogor indicating that such a business has decreased due to the regulation of monopoly regarding telephone payment that could be done by anyone or any company based on the applicable regulations.

The Cooperation Unit of Telkom Bogor is one of the best national cooperation refers to the management of telephone payment point. Since the issuance of government policy regarding SOPP service, many SOPP service have been established at lots of places, especially at Bank Danamon Syariah, Bank Prekreditan Rakyat (public loans), credit card and other financial authority institution which could be an obstacle of the development of the Cooperation Unit of Telkom Bogor.

 Market segments of telephone payment service are housing, offices and industries in Bogor which is 195,532,000 telephone customers and the population is 2.010,949,066 people refers to 2.38% development of the population affecting the economical development in Bogor which is 6% in 2010 and 6.11% in 2011.

Business development that has contributed huge amount of the improvement of Gross Regional Domestic products in 2010 was 12.35% at the financial sectors, rental and company's service, and 0.40% at the agriculture business, 10.62% at the transportation and communication, 26.44 % at the manufacturing industries, 3.06% at the electricity, gas and clean water, 31.27% at the trading, hotel and restaurants, 7.37% at the service business, 8.50% at the construction sector.

The total of Cooperation and UKM (Small and Middle Unit Business) in Bogor was 773 cooperation units and 2.231 UKM in 2011, 757 cooperation units and 2.231 UKM in 2010.

Based on the data aforementioned the small and medium business sectors are the market shares of telephone customers in Bogor, nevertheless the Cooperation units of Telkom Bogor should have to deal with the other competitive financial industries since they are interested in SOPP business.

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Having had a lot of customers obligation and based on the regulation regarding the customer protection, competitive price, creative and innovative services as well as the regulation regarding anti-monopoli which was designed in 1999 have been the serious competitive challenge for the Cooperation of Telkom Bogor.

Cooperation of Telkom Bogor has been fully aware of the customer complaints identifying that there are still lots of unoptimum service facilities that should have to be improved which is lack of professional management in SOPP business, since the management has already been in a comfort zone with the existing condition.

According to the revenue development at SOPP unit managed by Cooperation Unit of Telkom Bogor, it identified that the revenue in 2010 was Rp 2,051,115,040.- but in 2011 was Rp 1,592,388,029.- and in 2012 was Rp 1,206,680,704.- it explained that there was 22.36% revenue decreased in 2010 – 2011, and 24.22% revenue decreased in 2011-2012. It has indicated that a very competitive business has happened which is in compliance with the reducing total of the customers. Total of the telephone customers in Bogor in 2010 to 2012 was described on the table undermentioned;

Table 1
Total of the customer and revenue in 2010 to 2012

Year	Customer	Revenue	% Customer	% Revenue
2010	197.235	2.051.115.040	-	-
2011	196.212	1.592.388.029	(0,52)	(22,36)
2012	195.532	1.206.680.704	(0,35)	(22,42)

Cooperation Unit of Telkom Bogor has been dealing with a very difficult situation due to a rapid changing of business environment and customer stronger requirement. In order to meet the customers or consumers satisfaction the best service and facility should have to be improved accordingly.

Telkom Cooperation unit is obliged to improve the quality of service and to develop the customers loyalty in order to reach the Cooperation achievement. Telkom Cooperation Bogor would be able to provide the best contribution to the owner as the investor and the employees as the business partners, and the government refers to taxation.

Referring to the huge technology development, competitive global and dynamic market requirement, a company is obliged to give the best service and the best quality of the resources to achieve the company's objectives.

Since the customers loyalty have been very crucial for a business especially in service industry, therefore the quality of service should have to be improved to increase the revenue.

The problems of Telkom Cooperation is that its human resources management system which has been managed tradionally instead of modern one just like other companies do, so that it is weakening the cooperation dealing with a competitive business. Actually a dynamic cooperation should have to implement a modern system to manage the cooperation to be in compliance with its characteristics being able to compete with the other ones. The first step to improve the management of Cooperation Unit of Telkom Bogor is a complete change should have to be done to increase the revenue as well as a specific study to explore the members and employees welfare either their earnings or their abilities. Referring to the quality of service given by the company to its employees, a significant feed-back can affect the profit of SOPP at the outlets of Cooperation Telkom Bogor.

In order to get the customers loyalty some variables are required. The variables covering the quality of service dimension are as follows, Tangibles, Empathy, Responsiveness, Reliability and Assurance. Moreover, the variables covering the

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customers loyalty dimension are as follows, Cognitive loyalty, Affective loyalty, Cognitive loyalty, Action loyalty. The study which will be done at SOPP Cooperation unit of Telkom Bogor will determine whether the variables aforementioned have been providing the benefit or income especially for the customers.

THEORETICAL REVIEW

A revenue is one of the most important things to arrange the profit and loss report of the company. Most people are still confused with the term of revenue, because it is determined as a revenue or an income. Income is covering either revenue and or gains.

A revenue is a result has been obtained due to the company's activities which is sales, fees, interest, dividend, royalty and rent. The definition has described a different meaning where income has been determined as a broad revenue, income has been covering the results of either normal or abnormal company operational activities. But the revenue is the result of products sales, salable products, services and each transaction occurred.

Revenue is described by Riyanto, a revenue is a flow of an income or other increasing value of the assets of an entity or obligation settlements (or both combinations) within a certain period starting from the delivery or goods production, servicing, or other activities which is the main operational activity or central entity in process.

A revenue is defined as gross increasing value of the assets and gross decreasing value of an obligation evaluated based on the accountancy principles which is coming from profit oriented activities.

A revenue has emphasized on the concept of an effect to the owner of an equity which is a revenue is an increasing value of the owner of the equities because of the process of the products and the services being sold to the buyers.

A different definition of revenue has appeared due to varied different background.

Concept of a revenue has not been clarified yet universally by accountancy user, because user of the information of financial report, particularly profit and loss reporting has identified an applicable revenue for each different reporting user based on their point of view.

A revenue can be described as follows;
1. Concept of a revenue based on economics disciplines
2. Concept of revenue based on accountancy disciplines.

Revenue is the maximum value consumed by a person on a weekly basis. This definition has focused to a quantitative expense patern consumed in a certain interval. Therefore, a revenue is the total amount of someone's property and wealth overall instead of food and beverages only within a certain periode. Revenue definition according to economics disciplines, it would stop any possible changes happened refers to the total assets on the opening balance and closing balance within a certain period.

Revenue definition according to the economics discipline (Wild), economic income is typically measured as cash flow plus the change in the fair value of net assets. Under this definition, more includes both realized (cash flow) and unrealized (holding gain or loss) components.

Based on the definition aforementioned, revenue is a cash flow happened between one person to another one which is the revenue received due to the productive assets.

Nevertheless, revenue in general is related to money. But accountancy point of view has had more varied revenue definition. Accountancy discipline has determined the revenue definition more specific and focus.

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Research Hypothesis

The research hypothesis are as follows:
1. There is a positive effect between the quality of service and the revenue.
2. There is a positive effect between customers loyalty and the revenue.
3. There is a positive effect between the quality of service and customers loyalty together with the revenue.

Research Constellation
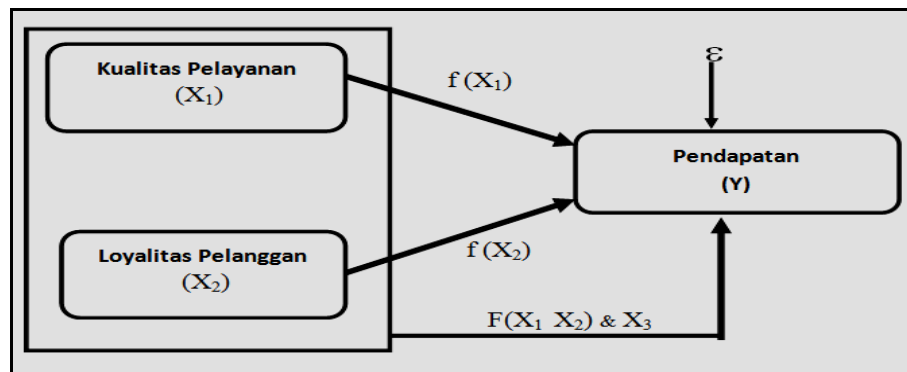
X_1 = The quality of service
X_2 = The customer loyalty
Y = revenue

RESEARCH METHOD

Research method has applied a descriptive study refers to quantitative data analysis. Descriptive study is a research focusing to the actual problems or phenomena happened during the research periode to figure out the actual facts based on rational and accurate interpretation. Data applied are quantitative data which is obtained from the questionnaires distributed to the customers of Cooperation of Telkom Bogor as the respondents. Total samples are 150 persons representing 240 customers. Before using the related data, its validity has been tested using Pearson Correlation Method and its realibility has been tested using Cronbach Alpha Method. Test of analysis requirement has applied normality test, homogeneity test and data linearity test.

Hypothesis test applying regression and correlation coefficient methods as follows:
1. The effect of the quality of service upon the revenue, the test has applied regression technique.
   $Y = a + bx_1$
2. The effect of the customers loyalty upon the revenue, the test has applied regression technique.
   $Y = a + bx_2$
3. The effects of both the quality of service and the revenue upon the revenue, the test has applied regression technique.
   $Y = a + bx_1 + bx_2$

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RESULT AND DESCRIPTION

Validity Test

An item is valid when $r_{calculated} > r_{table}$. The result of validity test using pearson correlation applying SPSS 16, as follows:
1. Revenue variable, 23 items of the questions are valid instead of 40 items.
2. Quality of service variable, 33 items of the questions are valid instead of 40 items.
3. Customers loyalty variable, 35 items of the questions are valid instead of 40 items.

Realibility Test

A variable is reliable when cronbach alpha value is ≥ 0.7. Based on the realibility test using cronbach alpha method and SPSS 16, revenue variable is 0.941, quality of service is 0.941, and customers loyalty is 0.924. So that, all the items of the variables are reliable.

Normality Test

Result of significance level test is 0.501 or > 0.05, so that H_0 is rejected, H_a is accepted, it explains that scoring of variable of revenue has distributed normal.

Result of significant level test is 0.418 or > 0.05, so that H_0 is rejected and H_a is accepted, it means that scoring of variable of the quality of service has distributed normal.

Result of significant level test is 0.111 or > 0.05, so that H_0 is rejected and H_a is accepted, it means that the scoring of variable customer's loyalty has distributed normal.

Homogeneity Test

Homogeneity data of the revenue (Y) upon the quality of service (X_1) has been tested by applying batrlett test. The calculation has obtained the value of $X^2_{calculated} = 0.248$ and $X^2_{table} = 178.49$. The requirement of homogeneity data is $X^2_{calculated} < X^2_{table}$, so that H_0 is rejected and H_a is accepted, it means that Revenue data (Y) and the quality of service data (X_1) are from the population having the same variant (homogen)

Homogeneity data of the revenue (Y) upon the customers loyalty (X_2) has been tested using bartlet test. The calculation has resulted $X^2_{calculated} = 1.50$ and $X^2_{table} = 178.49$. The requirement of data homogeneity is $X^2_{calculated} < X^2_{table}$, so that H_0 is rejected and H_a is accepted, it means the revenue data (Y) and customers loyalty data (X_2) are from the population having the same variant (homogen).

Description

Overall the result of this research has indicated that there is a positive corelation between each independent variable and dependent variable, between independent variables and dependent variable.

1. Corelation between the Quality of Service (X_1) and the Revenue (Y)

In compliance with the statistics hypothesis the correlation between the quality of service (X_1) and the revenue (Y) has applied the correlation technique of product moment resulting the correlation coefficient $r_{y.1} = 0.616$. Both are significant since Sig = 0.000 and this value is identical to p-value, and p-value is less than α (0.05). So that H_0 is rejected and H_1 is accepted, it has indicated a positive and significant correlation occurred between the quality of service (X_1) and the revenue (Y).

The contribution of the quality of service (X_1) and the revenue (Y) has been calculated by a determinant coefficient which is $r^2 = (r_{y.1.1})^2 = 0.379$. It has explained that the variable of the quality of service has contributed 37.9% upon the revenue (Y). The customers who will decide and evaluate the characteristics of the quality of a service whether it has met their requirement.

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As a matter of fact, the company has improved the quality of the service to satisfy the customers and to increase the revenue.

2. Correlation between the customers loyalty (X_2) and the revenue (Y).

In compliance with the statistics hypothesis, the correlation between the customers loyalty (X_2) and the revenue (Y) has applied product moment correlation technique resulting the correlation coefficient of $r_{y.2} = 0.523$. Both correlations are significant since Sig = 0.000 and identical to p-value refer to p-value which is less than α (0.05). So that H_0 is rejected and H_1 is accepted, it explains that a positive and significant correlation between the customers loyalty (X_2) and the revenue (Y) has happened.

The contribution of customers loyalty (X_2) and the revenue (Y) has been calculated based on a determinant coefficient which is $r^2 = (r_{y.2})^2 = 0.273$. It means that the variable of customers loyalty has contributed 27.3% upon the revenue (Y) variable. It has indicated that the customers loyalty is the commitment of the customers to buy the product or service repeatedly.

3. Correlation between the quality of a service (X_1) and the customers loyalty (X_2) altogether with the revenue (Y).

In accordance with the statistics hypothesis, the correlation between the quality of service (X_1) and the customers loyalty (X_2) altogether with the revenue has been using product moment correlation technique resulting correlation coefficient $r_{y.1.2} = 0.637$. Both correlations are significant since Sig = 0.000 and identical to p-value which is less than α (0.05). So that H_0 is rejected and H_1 is accepted, it means that a positive and significant correlation between the quality of service (X_1) and the customers loyalty (X_2) upon the revenue (Y) has happened.

The contribution of the quality of service (X_1) and the customers loyalty (X_2) altogether with the revenue (Y) has been calculated using determinant coefficient resulting $r^2 = (r_{y.1.2})^2 = 0.405$ which is the variables of quality of service (X_1) and customers loyalty (X_2) have contributed 40.5% upon the revenue (Y). It has explained that the quality of service aims to satisfy the customers obviously in order to increase the profit of the company. Nevertheless the customers loyalty is the commitment of the customers to purchase the products or to use the service repeatedly.

CONCLUSION AND SUGGESTION

Conclusion
1. There is a positive correlation between the quality of service and the revenue which is significant and the value of a correlation coefficient is 0.616. Moreover, the determinant correlation is 37.9% and the functional correlation y = 38.598 + 0.532X_1. It has identified that the revenue of Telkom Cooperation Bogor is depending on the quality of service. Best quality service will increase the revenue of the cooperation itself, but bad quality service will reduce the revenue of Telkom Cooperation Bogor. The quality of service should have to be improved in order to develop Telkom Cooperation Bogor obviously.
2. There is a positive correlation between the customers loyalty and the revenue which is quite significant since the correlation coefficient is 0.523 and determinant coefficient is 27.3% and the functional correlation is y = 43.333 + 0.467X_2. A huge loyalty of the customers will affect a huge revenue obviously, nevertheless low loyalty of the customers will affect a low revenue of Telkom Cooperation Bogor.
3. There is a positive correlation between the quality of service and the customers loyalty altogether with the revenue since value of correlation coefficient is 0.637. But, the determinan coefficient is 40.5% and the functional correlation is y = 26.760 + 0.412X_1 + 0.191X_2 at Telkom Cooperation Bogor. So that if the quality of service and the customers loyalty were improved the revenue of Telkom Cooperation Bogor

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would be increased obviously. Nevertheless low quality of service and low customers loyalty would reduce the revenue of the cooperation accordingly.

Suggestions
1. Improving the variety of supporting transaction services such as online cash transfer, payment point service to pay any kind of payment.
2. Human Resources Management, Telkom Cooperation Bogor can involve all the employees including back office staffs and the management to perform the customer service.
3. Improving the quality of customer's data documentation and data transaction so that it could be reviewed eventhough it had happened already years ago.
4. The Cooperation Unit of Telkom Bogor should have to improve the effectiveness of the employees which are more skillfull and it should have more people to serve the customers.
5. The Cooperation of Telkom Bogor should have to be able to maintain its reputation refers to brand image.
6. Improving the customer's safety and security by installing CCTV in the bank, protecting the customers who bring big amount of cash and security awareness to guard the customers who have been doing a transaction either before, during and after.
7. The Cooperation of Telkom Bogor should have to improve the value or brand image of the company which is related to the customers satisfaction due to the employees' professionalism to serve them.

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