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# INFLUENCE OF SERVICE QUALITY AND EMPLOYEE PERFORMANCE TOWARDS CUSTOMER SATISFACTION IN USING LOAN SERVICES AT THE MANADO PAWNSHOP OFFICE

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**ABSTRACT**

*This research aims to analyze the influence of service quality and employee performance towards customers' decisions in using lending services at the Manado Pawnshop Office. This research is important considering the strategic role of Pawnshop as a financial institution that provides collateral-based lending services. Data was collected through a survey of 150 customers who used lending services at the Manado Pawnshop Office. The analytical method used is multiple linear regression analysis to measure the influence of service quality and employee performance on customer decisions. The research results show that service quality has a significant positive influence on customer decisions. This indicates that aspects such as reliability, responsiveness and good service guarantees increase customer satisfaction and encourage them to use lending services. Apart from that, employee performance has also been proven to have a significant positive influence on customer decisions. The performance of employees who are professional, responsive and knowledgeable about Pawnshop products is a determining factor in customer decision making. The conclusion of this research is that both service quality and employee performance are key factors that influence customers' decisions in using lending services at the Manado Pawnshop Office. The practical implication of these findings is that Pawnshop needs to continue to improve service quality and employee performance to maintain and increase customer trust. It is hoped that this research can contribute to literature related to service management and human resource development in the financial sector.*

***Keywords:*** *service quality, employee performance, customer satisfaction*



## INTRODUCTION

Money plays an important role in everyday life, especially in economic transactions, but people often face situations where the money they have is not enough to meet their needs. In conditions like this, people tend to look for financing solutions such as borrowing from financial institutions, which have a crucial role in providing funds and other financial services.

Pawnshop, as a State-Owned Enterprise (BUMN) that has been established for a long time, offers funding solutions through pawn services, where people can get loans with collateral for valuables. This institution plays an important role in providing financial access for the community, especially in small towns, with a fast process and a guarantee of a fair estimated value of the goods.

The importance of service quality in meeting customer needs is the focus of pawnshop. According to Syafrizal (2008), service quality is the key to ensuring customer satisfaction. This involves meeting customer expectations through the provision of efficient, fast, and responsive services, as well as the ability of staff to provide friendly and professional services.

Customer satisfaction is not only important for retaining old customers but also for attracting new customers through a good reputation. Therefore, Pawnshop needs to continue to innovate and improve the quality of services to compete in an increasingly competitive market.

## METHOD

This study uses a quantitative approach with a correlational research method to analyze the relationship between variables related to customer perceptions of service quality and employee performance at the Manado Pawnshop Office. Data were collected through a survey using a questionnaire as the main instrument. The questionnaire was designed based on predetermined research variables, and distributed to customers both directly in the office and through an online platform. The data collected will be analyzed by considering the validity and reliability of the responses given by the respondents.

To ensure data quality, this study involves validity and reliability tests of the questionnaire used. Validity tests are carried out to measure the extent to which the instrument used actually measures what should be measured, by comparing the calculated r value with the r table. Meanwhile, the reliability test uses the Cronbach Alpha value to assess the consistency and stability of the questionnaire measurement results. In addition, classical assumption tests, including normality, multicollinearity, and heteroscedasticity tests, are carried out to ensure that the regression model used in this study is feasible and appropriate for further analysis.

In data analysis, multiple linear regression is used to model the relationship between independent variables, namely service quality and employee performance, with the dependent variable, namely customer satisfaction. Hypothesis testing, especially the t-test, is used to test the effect of each independent variable on the dependent variable partially. The results of this analysis will provide insight into the extent to which service quality and employee performance affect customer satisfaction at the Manado Pawnshop Office, which can be used as a basis for improving service strategies in the future.

## RESULT AND DISCUSSION

### Finding

### Instrument Test

### Validity Test

Validity test is used to find out whether each statement or question item should be removed or replaced because it is considered irrelevant/invalid. Validity test in this study was

conducted by distributing questionnaires to be filled out by respondents. Then processed using statistical data using the Pearson correlation test. For questionnaires that are declared valid if the calculated r value > r table (0.195) and the significance value < 0.05. The formula for finding r table with a significance level of 5% is, df (degrees of freedom) = n-2 = 100 – 2 = 98. Based on the distribution of r table product moment, then r table in this study is 0.195. From this validity test, the results obtained which are explained briefly in the following table:

**Table 1 Data Validity Test Results**

| Variables | r-count | r-table | Description |
|---|---|---|---|
| X1.1 | 0,966 | 0,195 | Valid |
| X1.2 | 0,958 | 0,195 | Valid |
| X1.3 | 0,961 | 0,195 | Valid |
| X1.4 | 0,970 | 0,195 | Valid |
| X1.5 | 0,961 | 0,195 | Valid |
| X1.6 | 0,973 | 0,195 | Valid |
| X1.7 | 0,974 | 0,195 | Valid |
| X1.8 | 0,964 | 0,195 | Valid |
| X2.1 | 0,924 | 0,195 | Valid |
| X2.2 | 0,937 | 0,195 | Valid |
| X2.3 | 0,930 | 0,195 | Valid |
| X2.4 | 0,975 | 0,195 | Valid |
| X2.5 | 0,973 | 0,195 | Valid |
| X2.6 | 0,975 | 0,195 | Valid |
| X2.7 | 0,981 | 0,195 | Valid |
| X2.8 | 0,976 | 0,195 | Valid |
| Y.1 | 0,968 | 0,195 | Valid |
| Y.2 | 0,980 | 0,195 | Valid |
| Y.3 | 0,981 | 0,195 | Valid |
| Y.4 | 0,975 | 0,195 | Valid |

Based on the table above, the r-count value of each service quality variable (X1), employee performance (X2), and customer satisfaction (Y) has a value greater than the r-table value (0.195) so that the results of this test indicate that each statement item in this study is declared valid.

**Reliability Test**

This reliability test is used to determine whether each statement in this case the questionnaire can be used more than once by the same respondent. A questionnaire is said to be reliable if it has a Cronbach's Alpha value of more than 0.60. From the results of the reliability test, each variable in this study obtained results as clearly shown in the following table:

**Table 2 Reliability Test Results**

| No | Variables | Cronbach's Alpha | Reliability Limits | Description |
|---|---|---|---|---|
| 1 | Service Quality (X1) | 0,990 | 0,60 | Reliable |
| 2 | Employee Performance (X2) | 0,987 | 0,60 | Reliable |
| 3 | Customer Satisfaction (Y) | 0,983 | 0,60 | Reliable |

Based on the table above, it shows that the Cronbach's Alpha value for each variable varies and essentially exceeds the reliability limit (0.60), so it can be concluded that the variables in this study are reliable.

**Classical Assumption Test**

**Normality Test**

The normality test is used to see whether the dependent variable and independent variable in the regression model have a normal distribution or not. A good regression model has a normal or near-normal data distribution. The normality test used is the Kolmogorov-Smirnov test. Data is said to be normal if the significant value is greater than 0.05. Conversely, if the significant value is less than 0.05 at ($p < 0.05$), the data is said to be rejected.

**Table 3 Normality Test Results**

| One-Sample Kolmogorov-Smirnov Test | | |
|---|---|---|
| | | Unstandardized Residual |
| N | | 100 |
| Normal Parameters[a,b] | Mean | .0000000 |
| | Std. Deviation | 1.11827784 |
| Most Extreme Differences | Absolute | .213 |
| | Positive | .185 |
| | Negative | -.213 |
| Test Statistic | | .213 |
| Asymp. Sig. (2-tailed) | | .000[c] |
| a. Test distribution is Normal. | | |
| b. Calculated from data. | | |
| c. Lilliefors Significance Correction. | | |

From the table results above, it shows that the results of the Kolmogorov Smirnov statistical test show a significant value <0.05, which is 0.000. From this we can conclude that this study has data that is not normally distributed.

**Multicollinearity Test**

This test is carried out to determine whether there are symptoms of correlation between independent variables. A good regression test is that there should be no multicollinearity or no correlation between the independent variables. The way to find out whether there is a correlation is to see the tolerance value > 0.10 and the VIF value < 10. The results of the test in this study can be seen in the following table:

**Table 4. Multicollinearity Test Results**

| Coefficients[a] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | .308 | .436 | | .705 | .482 | | |
| | Service Quality | .136 | .058 | .272 | 2.339 | .021 | .048 | 20.965 |
| | Employee Performance | .359 | .059 | .702 | 6.044 | .000 | .048 | 20.965 |
| a. Dependent Variable: Customer Satisfaction | | | | | | | | |

From the table above we can see that the tolerance value shows a VIF value > 10 and a Tolerance value < 0.10 so it can be concluded that multicollinearity occurs in this study.

**Heteroscedasticity Test**

The heteroscedasticity test aims to test whether there is inequality in the variance of the residuals from one observation to another in the regression model. A good regression model is homoscedasticity. To detect the presence or absence of heteroscedasticity in a model, it can be seen from the Scatterplot image pattern of the model. There is no heteroscedasticity if: (1) the distribution of data points should not be patterned; (2) data points are spread above and below or around the number 0; (3) data points do not gather only above or below. The results of heteroscedasticity test in the study can be seen in the following table:

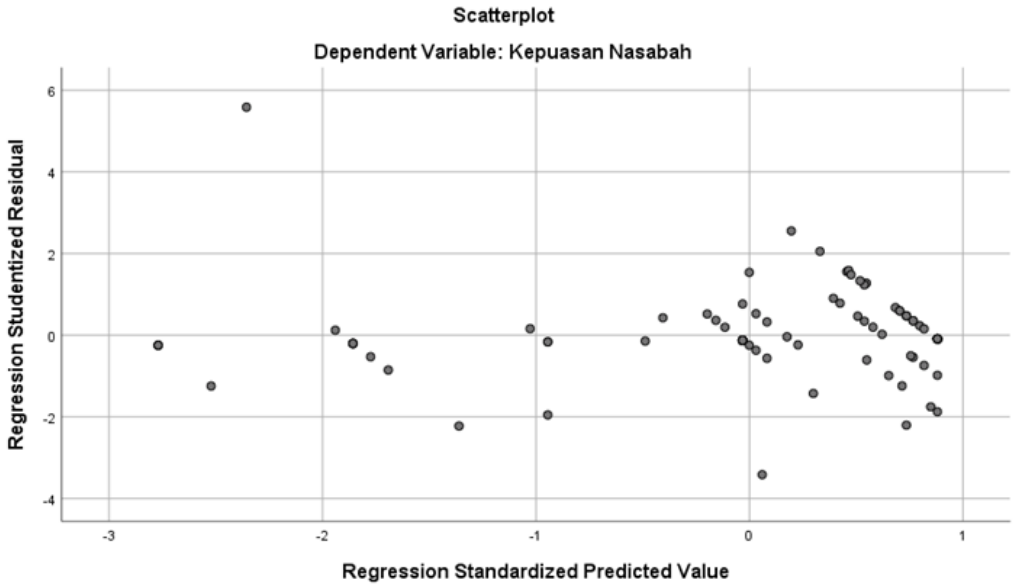


**Figure 1 Heteroscedasticity Test**

From the image above, it shows that in this study there is heteroscedasticity because the distribution of data points is spread to the left and right of the number 0.

**Multiple Linear Regression Analysis**

Multiple linear analysis is a test of the linear relationship between two or more independent variables (X) with the dependent variable (Y). This analysis is used to determine whether there is a positive relationship between the independent variable and the dependent variable. Multiple linear regression analysis in this study is analyzing the service quality variables (X1) and employee performance (X2) with customer satisfaction (Y). The results of the analysis obtained are explained in the following table:

**Table 5 Results of Multiple Linear Regression Analysis Test**

| Coefficients[a] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | .308 | .436 | | .705 | .482 | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Service Quality | .136 | .058 | .272 | 2.339 | .021 | .048 | 20.965 |
| | Employee Performance | .359 | .059 | .702 | 6.044 | .000 | .048 | 20.965 |
| a. Dependent Variable: Customer Satisfaction | | | | | | | | |

From the results of the multiple regression test in the table above, it can be concluded that:
$Y = \alpha+\beta1X1+\beta2X2+e$
$Y = 0.308 + 0.136X1 + 0.359X2 + e$

1. The constant value in this test is 0.308, which means that if the service quality and employee performance variables have a value of 0, then customer satisfaction has a value of 30.8%
2. The service quality variable (X1) has a positive effect on the customer satisfaction variable (Y), which is seen from the coefficient value of 0.136. This means that if the value of X1 increases by 1 unit, the value of the Y variable will also increase by 13.6%
3. The employee performance variable (X2) has a positive effect on the customer satisfaction variable (Y), which is seen from the coefficient value of 0.359. This means that if the value of X2 increases by 1 unit, the coefficient value of the variable (Y) will also increase by 35.9%.

**Hypothesis Test**

**t-Test**

This t-test is conducted to determine the extent to which the independent variables individually influence the probability value. If the probability value is <0.05, then it can be said that there is an influence between the independent variables on the dependent variable partially, conversely if the probability is > 0.05, then it can be said that there is no influence between the independent variables on the dependent variable partially.

**Table 6 t-Test Results**

| Coefficients[a] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | .308 | .436 | | .705 | .482 | | |
| | Service Quality | .136 | .058 | .272 | 2.339 | .021 | .048 | 20.965 |
| | Employee Performance | .359 | .059 | .702 | 6.044 | .000 | .048 | 20.965 |
| a. Dependent Variable: Customer Satisfaction | | | | | | | | |

1. For variable X1 has a significant value <0.05, which is 0.021, so it can be concluded that variable X1 service quality has a significant effect on customer satisfaction. Therefore, it can be stated that H1 is accepted.
2. For variable X2 has a significant value <0.05, which is 0.000, so it can be concluded that variable X2 employee performance has a significant effect on customer satisfaction. Therefore, it can be stated that H2 is accepted.

**F test**

The F test is also called variance analysis. The F test is carried out to see the joint influence on the dependent variable significantly. To find out the results of the F test by looking at the probability. If the probability value <0.05, then it can be said that there is a significant joint influence between the independent variables on the dependent variable, conversely if the probability value> 0.05, then there is no significant joint influence between the independent variables on the dependent variable.

**Tabel 7 F Test Results**

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 1862.356 | 2 | 931.178 | 729.575 | .000[b] |
| | Residual | 123.804 | 97 | 1.276 | | |
| | Total | 1986.160 | 99 | | | |
| a. Dependent Variable: Customer Satisfaction | | | | | | |
| b. Predictors: (Constant), Employee Performance, Service Quality | | | | | | |

From the table above, it is known that the significance value is <0.05, which is 0.000, so it can be concluded that there is a significant influence simultaneously between the independent variable and the dependent variable. So, it can be said that H0 is rejected.

**Coefficient of Determination (R2)**

This determination coefficient test is used to determine how much the independent variable can explain the dependent variable. If the R2 value is getting closer to 1, the better. The results of the determination coefficient test in this study can be seen in the following table:

**Tabel 8 Result Test of $R^2$**

| Model Summary[b] | | | | | |
|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .968[a] | .938 | .936 | 1.12975 | 1.781 |
| a. Predictors: (Constant), Employee Performance, Service Quality | | | | | |
| b. Dependent Variable: Customer Satisfaction | | | | | |

From the table above, we know that the R Square (R2) value is 0.938 or 93.8%. So, it can be concluded that the magnitude of the influence of the service quality and employee performance variables on customer satisfaction is 93.8%. Then the rest is influenced by other factors outside this study.

**Discussion**

**Influence of Service Quality on Customer Satisfaction**

Based on the results of hypothesis testing in this study, it is known that there is a significant influence on customer satisfaction. This is evidenced by the results of statistical analysis which shows a significant value of 0.021 <0.05 so that it can be stated that this service quality variable has a significant effect on customer satisfaction variables. This also indicates that in the study conducted on 100 respondents at the Manado Branch of the

Pawnshop Office, the majority of customers agreed that the quality of service provided by Pawnshop can affect the satisfaction experienced by customers.

This study is also strengthened by research conducted by Paulyna C. Seke (2022) and Hilyatul Aulia (2021) which states that service quality has a significant effect on customer satisfaction.

**Influence of Employee Performance on Customer Satisfaction**

Based on the results of hypothesis testing in this study, it states that employee performance influences customer satisfaction. This is evidenced by the results of statistical analysis which shows a significant value of 0.000 <0.05 so that it can be stated that this employee performance variable has a significant effect on customer satisfaction variables. This also indicates that in a study conducted on 100 respondents at the Manado Branch of the Pawnshop Office, the majority of customers were satisfied with the performance of the employees provided by this Pawnshop office.

This study is also strengthened by research conducted by V Prang (2022) which states that employee performance has a significant effect on customer satisfaction.

**Influence of Service Quality and Employee Performance Have a Joint Influence on Customer Satisfaction**

Based on the results of the hypothesis testing that has been carried out, there is a simultaneous influence between the independent variables and the dependent variables that have a significant influence, as evidenced by the results of the significance value test, namely 0.000 <0.05. This proves that the variables of service quality and employee performance influence customer satisfaction together. When viewed based on the R Square (R2) value in this study, the results show 0.938. This means that customer satisfaction influenced by service quality and employee performance is 93.8%.

## CONCLUSION

Based on the research results, it can be concluded that the variables of service quality (X1) and employee performance (X2) each have a significant influence on customer satisfaction partially. In addition, when both variables are tested simultaneously, both also show a significant influence on customer satisfaction. This finding indicates that both service quality and employee performance play an important role in determining the level of customer satisfaction at the Manado Pawnshop Office.

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