

Volume 5, Issue 5 , Oct 2020

Article Title & Authors	Page	Download
IMPACT OF EXPERIENTIAL MOTIVES, PERCEIVED IMAGE, AND SERVICE QUALITY ON PERCEIVED VALUE AND BEHAVIORAL INTENTIONS IN AN OUTLET SETTING Chung-Tai Wu, Ting-Wen Wang, Taiwan	1-20	PDF
TECHNOLOGIES OF GRAFTING IN VEGETABLE CROPS (REVIEW) Kamal Benyamin Esho, Esraa Abd. Al- huseein Jasim, Iraq	21-35	PDF
FIND OUT THE RELATIONSHIP BETWEEN EDUCATION BUDGET AND UNEMPLOYMENT RATE IN TAIWAN BY THE AUTOREGRESSIVE DISTRIBUTED LAG MODELS Ko-Hing Ni, Taiwan	36-54	PDF
COMMON REINFORCED CONCRETE BUILDING CONSTRUCTION DEFICIENCIES IN AFGHANISTAN AND RECOMMENDATIONS- A REVIEW ARTICLE Mojeeburahman Mashal, Afghanistan	55-65	PDF
INFLUENCE OF SUPPLIER PERFORMANCE ON LOYALTY WITH TRUST AS A MEDIATION VARIABLES Herman Kuslim, Joyce A. Turangan, Andi Wijaya, Indonesia	66-79	PDF

© 2021 IJAEMR All Rights Reserved designed by Website Design Company P000U  
Privacy Statement The names and email addresses entered in this journal site will be used exclusively for the stated purposes of this Publication and will not be made available for any other purpose or to any other party.

 Message us



**IJAEMR**

International Journal of Advanced Engineering and Management Research

ISSN : 2456-3676

[Current Issue](#)

[Archive](#)

[Editorial Board](#)

[Instructions for Authors](#)

[IJAEMR Topics](#)

[Mode of Payment](#)

[Indexing](#)

[Copyright Form](#)

[Contact Us](#)

**Editor-in-Chief**

Dr. Naresh Kumar  
International Journal of Advanced Engineering and Management Research  
[www.ijaemr.com](http://www.ijaemr.com)

Recruitment for Reviewers [CLICK HERE](#) for apply

**Editorial Board Member**

**Dr. Fernando Amaral de Almeida Prado Junior**  
Consultant and Professor at Sao Paulo University, **Brazil**  
**Email:** fernando@slnerconsult.com.br

**Dr. Thiago Pajeú Nascimento**  
Researcher at Rural Federal University of Pernambuco, **Brazil**  
**Email:** thiago\_pajeu@hotmail.com

**Dr. Wang Yong**  
Professor at Wuhan University of Technology, **China**  
**Email:** wang-yong@vip.163.com

**Dr. Ho Soon Min**  
Centre for Green Chemistry and Applied Chemistry, INTI International University, **Malaysia**  
**Email:** soonmin.hu@newinti.edu.my



Message us



**IJAEMR**

International Journal of Advanced Engineering and Management Research

ISSN : 2456-3676

[Current Issue](#)

[Archive](#)

[Editorial Board](#)

[Instructions for Authors](#)

[IJAEMR Topics](#)

[Mode of Payment](#)

[Indexing](#)

[Copyright Form](#)

[Contact Us](#)

Indexing



Licensed under Creative Common Attribute 3.0

---

**INFLUENCE OF SUPPLIER PERFORMANCE ON LOYALTY WITH  
TRUST AS A MEDIATION VARIABLES**

Herman Ruslim, Joyce A. Turangan, Andi Wijaya

<sup>1</sup>Universitas Tarumanagara, Jakarta, Indonesia

<sup>2</sup>Universitas Tarumangara, Jakarta, Indonesia

<sup>3</sup>Universitas Tarumangara, Jakarta, Indonesia

**ABSTRACT**

This research assesses supplier performance based on four aspects; product quality, sales service quality, technical repair service support, and complaint handling. The purpose of this study is to determine whether there is an influence of the four variables above with trust in suppliers and to find out whether trust in suppliers can be a mediating variable for the four variables on customer loyalty. The research took a sample of 100 people using the SEM-PLS test. The result of supplier performance showed (1) in a product, and sales service quality, technical improvement services, and complaint handling services had a significant effect on trust in suppliers; (2) trust in suppliers had a significant effect on customer loyalty; (3) trust in suppliers can mediate the relationship between product quality, sales service quality, technical repair services, and complaint handling services with customer loyalty.

**Keywords:** Supplier Performance, Trust in Supplier, Customer Loyalty

**INTRODUCTION**

Based on sources from the Indonesian Central Bureau of Statistics (2019), for six years starting from 2010-2016, Indonesia's average population growth rate each year is around 1.36%. If this growth continues, Indonesia's population may reach 300 million in 2035. Such a large population is a big market for online companies in Indonesia. The number of Indonesia's population has increased every year to reach more than 269 million people as of August 2019, making Indonesia the largest market share in Southeast Asia, which is very promising for the growth and development of various businesses (detik finance, 2019). Many young people in Indonesia are interested in creating technology-based startups or startups (CNBC Indonesia, 2018). It is what then makes many technology-based businesses grow and develop in Indonesia. The rise of technology-based businesses in Indonesia is also supported by Indonesia's high digital adoption level, beating India and China (detikfinance, 2019).

The high digital adoption indicates that many Indonesians are familiar with the internet and are active users of the internet in their daily lives. Based on a survey by the Indonesian Internet Service Providers Association (2018), active internet users in Indonesia always experience an increase every year. One of the new technology-based startups growing and developing in Indonesia is a business in the Financial Technology industry (Kontan.co.id, 2019).

**Top 25 Countries, Ranked by Internet Users, 2013-2018**  
millions

	2013	2014	2015	2016	2017	2018
1. China*	620.7	643.6	669.8	700.1	736.2	777.0
2. US**	246.0	252.9	259.3	264.9	269.7	274.1
3. India	167.2	215.6	252.3	283.8	313.8	346.3
4. Brazil	99.2	107.7	113.7	119.8	123.3	125.9
5. Japan	100.0	102.1	103.6	104.5	105.0	105.4
6. Indonesia	72.8	83.7	93.4	102.8	112.6	123.0
7. Russia	77.5	82.9	87.3	91.4	94.3	96.6
8. Germany	59.5	61.6	62.2	62.5	62.7	62.7
9. Mexico	53.1	59.4	65.1	70.7	75.7	80.4
10. Nigeria	51.8	57.7	63.2	69.1	76.2	84.3
11. UK**	48.8	50.1	51.3	52.4	53.4	54.3
12. France	48.8	49.7	50.5	51.2	51.9	52.5
13. Philippines	42.3	48.0	53.7	59.1	64.5	69.3

14. Turkey	36.6	41.0	44.7	47.7	50.7	53.5
15. Vietnam	36.6	40.5	44.4	48.2	52.1	55.8
16. South Korea	40.1	40.4	40.6	40.7	40.9	41.0
17. Egypt	34.1	36.0	38.3	40.9	43.9	47.4
18. Italy	34.5	35.8	36.2	37.2	37.5	37.7
19. Spain	30.5	31.6	32.3	33.0	33.5	33.9
20. Canada	27.7	28.3	28.8	29.4	29.9	30.4
21. Argentina	25.0	27.1	29.0	29.8	30.5	31.1
22. Colombia	24.2	26.5	28.6	29.4	30.5	31.3
23. Thailand	22.7	24.3	26.0	27.6	29.1	30.6
24. Poland	22.6	22.9	23.3	23.7	24.0	24.3
25. South Africa	20.1	22.7	25.0	27.2	29.2	30.9
<b>Worldwide***</b>	<b>2,692.9</b>	<b>2,892.7</b>	<b>3,072.6</b>	<b>3,246.3</b>	<b>3,419.9</b>	<b>3,600.2</b>

Note: individuals of any age who use the internet from any location via any device at least once per month; \*excludes Hong Kong; \*\*forecast from Aug 2014; \*\*\*includes countries not listed  
Source: eMarketer, Nov 2014  
181948 [www.eMarketer.com](http://www.eMarketer.com)

Financial Technology, or also abbreviated as Fin-tech, uses technology to provide better services in finance or banking. This service will undoubtedly make it easier for consumers so that it will grow.

Fintech (Financial Technology) is an innovation in financial services that is trending in Indonesia. Fin-tech has influenced society by providing access to financial products to make transactions more practical and useful. Financial Technology is the use of technology in the financial system that results in new products, services, technology, and business models. It can impact monetary stability, financial system stability, and efficiency, smoothness, security, and reliability of the payment system (Bank Indonesia, 2017). In this era, Financial Technology is an independent company dominating the financial market in Indonesia, without merging with other banks or financial institutions and non-banks (Dailysocial.id, 2016). In the era of Financial Technology 3.0, various Financial Technology startup companies emerged that provided various types of financial service categories, ranging from payments, storage and lending, investment insurance, and business capital lending (Dailysocial.id, 2016). The financial technology (fintech) industry is developing in Indonesia, from fintech payments to lending. It reflected in the disbursement of fintech lending loans of up to Rp33.2 trillion as of MatI019, while fintech payment transactions of Rp47.1 trillion in 2018. In Indonesia, fintech has also developed, although it is still lagging behind other countries such as China, Hong Kong, and India. Currently, based on data released by business management consulting firm McKinsey & Company in its latest report entitled "Digital Banking in Indonesia: Building Loyalty and Generating Growth," the penetration rate of the use of financial services through fintech in Indonesia is still around 5%. This figure is much lower than that of China, with a percentage of 67%, Hong Kong with 57% and India with 39%. Even so, fintech in Indonesia still has excellent potential for further development in the future.

In carrying out daily business activities, such as providing products and services to consumers, a financial technology business carries out various main management functions, including marketing, production, operations, resource management, and finance functions (Zaroni, 2017).

In supporting the implementation of the activities, a financial technology business has needs in goods or services. Therefore, a financial technology business requires partnerships with suppliers or vendors. The supplier or vendor is the party whose job is to provide various needs for goods or services to run day-to-day financial technology businesses. The role of suppliers in a company is essential (Warta Ekonomi, 2018). As a buyer, companies expect partnerships with suppliers to meet the needs of products and services that support the company to achieve its competitive advantage (Chase & Jacob, 2013). Through this sentence, a company will foster good relationships with suppliers who have better performance values than other suppliers. Several studies state that there is a continuous relationship between supplier performance and increased trust in suppliers. Suppliers who have good performance will influence the company to foster good relationships and increase its trust in a supplier (Wu, 2015; Jain et al., 2014). A study by Paparoidamis et al. (2017) stated that supplier performance would increase its suppliers' trust. In some small companies, the company's trust and loyalty have a strong relationship, meaning that when company trust increases, its loyalty to suppliers will also increase.

Based on these reviews, the authors formulate several hypotheses in this study as follows:

- H1: Product Quality has a positive influence on Trust in Suppliers.
- H2: Sales Service Quality has a positive influence on Trust in Suppliers.
- H3: Technical Repair Service Support has a positive influence on Trust in Suppliers.
- H4: Complaint Handling Service has a positive effect on Trust in Suppliers.
- H5: Trust in Supplier has a positive influence on Customer Loyalty.
- H6: Product Quality has a positive influence on Customer Loyalty with Trust in the Supplier as an intervening variable.
- H7: Sales Service Quality positively influences Customer Loyalty with Trust in the supplier as an intervening variable.
- H8: Technical Repair Service positively influences Customer Loyalty with Trust in Supplier as an intervening variable.
- H9: Complaint Handling Service positively influences Customer Loyalty with Trust in Supplier as an intervening variable.

## **LITERATURE REVIEW**

### **A. Definition of Product Quality**

According to Heizer, Render, & Munson (2017), product quality is the overall characteristics or features of a product in the form of goods or services. These characteristics determined by the product's ability to meet customer needs, either clearly stated or implicitly. Armstrong et al. (2015) emphasized that what is meant by product quality is quality performance, which is the ability of a product to display its functions. According to Schiffman & Kanuk (2010), product quality expresses as a company's ability to give identity to each product so that customers can recognize the product.

According to Narwhal & Nayak (2019), product quality often associates with a product's performance, which allows customers to interpret whether the product will meet their expectations. The quality of a product or service and its variability can affect its relationship with

the customer. It makes customers vulnerable to other, more competitive offers of other suppliers (Xhema, 2018). According to Chary (2018), product quality has several dimensions that use to measure product quality.

### **B. Sales Service Quality**

According to Schiffman & Kanuk (2010), service quality is more complicated than evaluating product quality because each service has specific characteristics. The term service quality refers to the quality expected and felt from a company's service activities, the quality of service will have a significant effect on the company's competitiveness (Boone & Kurtz, 2010). According to Hemalatha et al. (2018), service quality is a test related to how well the company's services are in meeting client/customer expectations. Meanwhile, Wirtz & Christopher (2016) stated that service quality emphasizes assessing customers' expectations from each service and performance provided by the company. Good quality service occurs when consistently high standards of performance meet and exceed customer expectations or expectations.

### **c. Technical Repair Service Support**

After-sales service is related to "product support activities," which means a set of activities centered on supporting product transactions (Rigopoulou et al., 2008). According to Murali et al. (2016), in general, after-sales service includes many activities and is formed in various formats such as technical advice, maintenance/repair, spare parts delivery, and product upgrading. According to Wahjudi et al. (2018), a product with good quality is not enough for consumers; consumers also need the best after-sales service. It supported by Papparoidamis et al. (2017) stated that after-sales service should consider as a potential source of competitive advantage because after-sales service is a series of activities carried out by companies after consumers make product purchase transactions. The after-sales service intends to support customers from using the product to disposing of the product purchased (Murali et al., 2016).

### **D. Customer Complaint Handling Services**

According to Staus & Stedel (2019), complaints are an expression of dissatisfaction. According to the Markplus Team (2009), handling services have a close relationship with customer service because complaints express dissatisfaction and regret, criticism, hatred, or sadness. Complaints generally arise when the needs of customers do not meet. The complaints indicate that there is a range of meeting in customer service. This range is the difference between what promised to the customer and what the customer expected and delivered. Complaints submitted by customers to a company must handle and resolve appropriately. If customer complaints cannot handle properly, it can cause several consequences, including customer action to stop buying products, becoming hostile to supplier companies, and talking about products or product-producing companies to friends around them.

### **E. Trust in Suppliers**

Zheng (2010) says that trust plays a vital role in our social life. Trust can be an essential factor influencing success, both in everyday life and in the business world. A trust relationship consists of at least two parties, confide and a trustee. A trusted or trustee person is an object that has

confidence in the integrity or ability of a person. Sheth & Mittal (2004) defines that trust is the willingness to rely on the ability, integrity, and motivation of other parties to serve their needs and interests by the agreement, both implicitly and explicitly.

#### **F. Customer Loyalty**

Wirtz & Christopher (2016) defines customer loyalty as a customer's willingness to continue to subscribe to a company for the long term, as a company exclusively, and recommend a company's products to friends and family. According to Rai & Srivastava (2014), loyalty is a psychological process, mostly manifested and recognized through real manifestations through behavior. According to Peelen & Beltman (2013), loyalty is a commitment to repurchase or maintain the selected product or service consistently in the future. The results in repeated purchases of the same set of brands. The existence of situational influences and marketing efforts creates a potential for consumer behavior to switch to other brands. Russo & Confente (2017) argue that customer loyalty is about the relationship between the final consumer and the seller and studies as a relationship between consumers in the form of a company and their suppliers.

#### **RESEARCH METHODS**

The population in this study was PT X with the sampling technique using nonprobability sampling type convenience sampling, amounting to 100 respondents. The operational definition of this research variable is as follows:



**Table 1. Variable Operational Table**

No	Variable	Definition	Measurement Statement	Scale
1.	Product Quality	The superiority of the products offered by the supplier/supplier company in meeting the needs requested by customers by paying attention to technical aspects.	1. The products offered always maintain the consistency of product quality.	Interval
			2. The products offered are comfortable to use	
			3. The products offered are easy to care for	
			4. The products offered have product quality that can be trusted	
	Sales Service Quality	Commitment and overall response of the sales team from the supplier company to customer needs	1. Suppliers always live up to their commitments	
			2. Suppliers can meet all the needs for goods/services with the right offer or solution	
			3. Suppliers are easy to contact	
	Technical Repair Service Support	An essential opportunity for supplier companies to strengthen their position in the eyes of their customers, with positive implications for building relationships that are not vulnerable to attacks from competitors	1. Suppliers can provide easy-to-reach technical repair services	
			2. The supplier has employees who can assist in technical repair services	
			3. Suppliers promote the quality of repair services	
	Complaint Handling Services	Development and maintenance of customer satisfaction and continuation of customer relationships with suppliers	1. Suppliers pay attention to speed in handling customer complaints	
			2. Suppliers provide quality solutions in handling customer complaints	
			3. Suppliers always provide up-to-date information on the status of complaints submitted	

2.	Trust in the Supplier	The company is willing to accept uncertainty based on clear expectations about partners' behaviour in business associations.	1. The supplier shows interest in PT X as a customer 2. PT X trusts suppliers who have collaborated 3. Suppliers who work with companies are honest	Interval
3.	Customer Loyalty	customers' willingness to buy back services and products sold by supplier companies and maintain relationships with supplier companies and an attitude of loyalty concerning customers' psychological level.	1. The company will repurchase goods/services from suppliers 2. The company does not hesitate to recommend suppliers to other similar businesses 3. The company always has positive things to say about suppliers 4. The company will always have long-term business cooperation with suppliers	Interval

Source: Paparoidamis, et. al., 2017

This study's data collection method was a questionnaire—the questionnaire distributed by distributing it in digital form to respondents who fit the predetermined criteria.

In this study, the respondents' data collected analyze using Partial Least Square (PLS), which is one of the methods of data analysis using Structural Equation Modeling (SEM). PLS-SEM follows two separate assessment steps: the measurement model (outer model) and the structural model (inner model). The first step is related to the specification of the formative and reflective measurement models. If the measurement model test is adequate, then the second step of structural model testing can be further analyzed to contact the relationship between variables. In measuring the outer model, the validity test uses convergent validity (AVE value) and discriminant validity (cross-loading). Meanwhile, for the reliability test, the internal consistency test (composite reliability) and indicator reliability (loading factor) were tested.

For the structural model test, the coefficient of determination (R2) and predictive relevance (Q2) tests. Meanwhile, for the research hypothesis testing, path coefficients, effect size (f2), and significance test (t-test and p-value) were tested.

**RESEARCH RESULT AND DISCUSSION**

This study's Respondents consisted of 10% of respondents aged 17-22 years, 12% aged 29-34 years, and 78% aged 35-40 years. Based on gender, 66% of respondents were men, and 66% of

respondents were women. 61% of respondents held positions as staff, 15% as junior managers, 13% as supervisors, and 11% as senior managers.

Based on the test result, the coefficient of determination (R<sup>2</sup>) of the customer loyalty variable is 0.451, which means that 45.1% of the trust mediation variable explains by product quality, service quality, technical repair, and complaint handling. The remaining 54.9% is explained by other variables not examined in this study. Furthermore, the R-Square value for the trust variable is 0.609, which means that the variables in this study can explain 60.9% of the trust variable, other variables explain the remaining 39.1%.

Q<sup>2</sup> in this study, it can be concluded that it is 0.248 for customer loyalty and 0.371 for trust. For both, the predictive relevance (Q<sup>2</sup>) value is greater than 0 (> 0), so it concluded that the construct relationship of the variables studied is considered relevant in measuring the previously established research model.

**Table 2. Path Coefficients Testing Result**

Variable	Path Coefficient	T Statistics	P Values
Complaint Handling → Customer Loyalty	0.147	2.119	0.035
Complaint Handling → Trust	0.219	2.189	0.029
Product Quality → Customer Loyalty	0.128	1.920	0.055
Product Quality → Trust	0.191	2.076	0.038
Sales Service → Customer Loyalty	0.202	2.981	0.003
Sales Service → Trust	0.301	3.134	0.002
Technical Repair → Customer Loyalty	0.146	2.163	0.031
Technical Repair → Trust	0.217	2.165	0.031
Trust → Customer Loyalty	0.671	10.995	0.000

Based on the bootstrapping test results above, it concluded that trust is the variable with the enormous coefficient value and has a positive direction in predicting purchase intention compared to other variables, namely, 0.671. Furthermore, sales service which has the second-largest coefficient value and has a positive direction in predicting trust, which is 0.301 and finally, the technical repair variable which only has 0.146, this variable has the smallest coefficient value and has a positive direction in predicting customer loyalty among other variables in this study.

To test the effect size (f<sup>2</sup>), it concluded that trust as a strong predictor of customer loyalty is 0.820. Meanwhile, the sales service variable has the most significant influence on trust, and the weakest influence is on the technical repair.

**Table 3. Effect size Test Results (f<sup>2</sup>)**

<b>Variable</b>	<b>Customer Loyalty</b>	<b>Trust</b>
Complaint Handling	-	0.057
Customer Loyalty	-	-
Product Quality	-	0.047
Sales Service	-	0.111
Technical Repair	-	0.062
Trust	0.821	-

Based on the result of the effect size test shown in Table 3 above, it showed that trust as a strong predictor of customer loyalty is 0.820. Meanwhile, the sales service variable has the most significant influence on trust, and the weakest influence is on the technical repair. Based on the results of the Goodness of Fit (GoF) calculation, it also concluded that the model in this study has a relatively large suitability level of 0.5739.

The result of the hypothesis testing conducted showed that the hypothesis testing results for the H1 hypothesis indicate that Product Quality has a positive and significant effect on Trust in Suppliers. These hypothesis test results are the same as the result of research conducted by Paparoidamis et al. (2017), which stated that supplier performance in terms of product quality would influence company trust in suppliers. Research also conducted by Xhema et al. (2018) supported that a company's products' quality will affect the relationship between the company and its consumers. Researchers agree with these results because when suppliers provide the right quality products, the company, as a consumer, will give more confidence to the supplier.

Furthermore, related to the second hypothesis test; namely, Sales Service Quality has a positive and significant influence on Trust in Suppliers. The result of this hypothesis testing is the same as the results in the journal Paparoidamis et al. (2017), which stated that the existence of good sales service quality would affect the trust relationship between buyers and sellers, wherein this case, the buyer, is the company and the seller and the supplier/supplier. Researchers agreed with the result of this hypothesis because when a supplier has good sales service to its customers, the buyer, in this case, the company, will give a sense of trust to the supplier.

The hypothesis testing conducted showed that in the third hypothesis test, the hypothesis showed that Technical Repair Service Support also has a positive and significant effect on Trust in Suppliers. This hypothesis testing supports the result of the research conducted by Paparoidamis et al. (2017), which stated that repair support services would increase consumer confidence, in this case, the company towards suppliers/suppliers. This study's result is also supported by Javed & Wu (2019), which stated that after sales service, which includes product repair support services, will increase consumer confidence. Researchers agreed with the result of the research because when suppliers provide repair service support for the products they sell, the company, as the buyer, will give a sense of trust to the supplier because they feel when receiving a defective product, they can make repairs easier.

Based on the results of the hypothesis testing conducted, it showed that the fourth hypothesis test shows that the Complaint Handling Service has a positive and significant effect on Trust in Suppliers. This hypothesis testing result is the same as a result in the journal Paparoidamis et al.

(2017) and Sugathan et al. (2018), which stated that a complaint handling service could increase buyer's trust and satisfaction with suppliers. Researchers agreed with this research because when the supplier already has a good customer complaint handling service, the buyer will have confidence in the supplier. Happens because buyers feel safe and comfortable making purchases in a place where they can file complaints if there are items that are not by their wishes.

Based on the result of the hypothesis testing conducted, it showed that the fifth hypothesis test showed that Trust in Supplier has a positive and significant influence on Customer Loyalty. This hypothesis testing result is the same as a result in the journal Paparoidamis et al. (2017), which stated that the company's trust in suppliers would increase company loyalty in working with suppliers. The result of this hypothesis test is also by the journal Tsanos & Zografos (2016), which stated that trust would build a relationship between buyers and sellers, which impacts company loyalty to subscribe to a supplier. This study's result is also the same as the result of research by Javed & Wu (2019), wherein their journal stated that trust would increase consumer loyalty, which is manifested by increasing repurchase intention. Researchers agree with this research because when the buyer trusts, the longer the buyer will feel loyal to the supplier who has worked together.

Through the result of hypothesis testing, it showed that Product Quality has a significant indirect effect on Customer Loyalty. It indicated that Product Quality influences Customer Loyalty, but through one intervening variable, Trust in Supplier. The test result is the same as those written in the journal Paparoidamis et al. (2017), which stated that Trust in Supplier is an intervening variable that mediates the relationship between product quality and customer loyalty. This explanation concluded that Trust in Supplier could become an intervening variable that mediates the relationship between Product Quality and Customer Loyalty.

The result of hypothesis testing showed that Sales Service Quality has a significant indirect effect on Customer Loyalty. It indicated that Sales Service Quality influences Customer Loyalty, but through one intervening variable, namely, Trust in Supplier. The test result is the same as those written in the journal Paparoidamis et al. (2017), which stated that Trust in Supplier is an intervening variable that mediates the relationship between sales service quality and customer loyalty. The explanation concluded that Trust in the Supplier is an intervening variable that mediates the relationship between Sales Service Quality and Customer Loyalty.

The hypothesis testing result shows that Technical Repair Service Support has a significant indirect effect on Customer Loyalty. It indicated that Technical Repair Service Support influences Customer Loyalty, but through one intervening variable, Trust in Supplier. The test result is the same as those written in the journal Paparoidamis et al. (2017) and Javed & Wu (2019), which stated that Trust in Supplier is an intervening variable that mediates the relationship between technical repair service support and customer loyalty. This explanation concluded that Trust in the Supplier could be an intervening variable that mediates the relationship between Technical Repair Service Support and Customer Loyalty.

Through the result of hypothesis testing that Complaint Handling Service has a significant indirect effect on Customer Loyalty. It indicated that the Complaint Handling Service influences Customer Loyalty, but through one intervening variable, Trust in Supplier. The test result is the same as those written in the journal Paparoidamis et al. (2017), which stated that Trust in

Supplier is an intervening variable that mediates the relationship between complaint handling service and customer loyalty. This explanation concluded that Trust in Supplier could become an intervening variable that mediates the relationship between Complaint Handling Service and Customer Loyalty.

The research concluded a positive influence between product quality with trust in suppliers, sales service quality with trust in suppliers, technical repair service support with trust in suppliers, complaint handling service to trust in suppliers, and trust in suppliers towards customer loyalty. The following are the managerial implications that researchers can propose to companies,

Based on the research results, the product quality of the suppliers in collaboration with the suppliers is currently in the excellent category. This result creates an optimal relationship of trust between the company and its suppliers through its quality. Suppliers can pay more attention to the quality of the materials used to make products so that the products offered to PT X can have consistency. Besides that, communication and discussion between the company and suppliers also need to find out what kind of product quality the company wants.

Based on the research result, the sales service quality that the supplier owns in collaboration with the company is in a suitable category. However, these results can still be improved to create a more optimal relationship of trust between the company as a consumer and its suppliers through better quality sales services. Suppliers can improve the quality of sales services by increasing the ability to solve problems and provide solutions to problems related to the procurement of goods and services consumers face. So that consumers are satisfied with the quality of supplier service. Also, the role of consumers in companies build good relationships also affects the performance of their suppliers. The more there is a good relationship, and the supplier will further improve its sales service quality.

Based on the research result, the technical repair service support owned by the supplier in collaboration with the company includes in the excellent category. However, this result may improve to an outstanding category to create a more optimal relationship of trust between the company as a consumer and its suppliers through better repair services. Suppliers must be able to improve service improvements to products provided to consumers so that consumers, in this case, the company, can have more trust in the supplier. Repair service support can be increased by first making it easier for consumers to contact suppliers to request repair services for consumers' products. The role of consumers (companies) in fostering good relationships with suppliers is also a factor that can improve repair services to consumers (companies). Based on the research result, the complaint handling service owned by suppliers in collaboration with the company includes the excellent category. This result can still be improved to create a relationship of trust between PT X as a consumer and its suppliers maximally with a more satisfying complaint handling. Suppliers who work with the company must be able to improve their ability to handle customer complaints. Complaints that come from consumers must be immediately accepted and resolved. The company's role as a consumer to collaborate well also makes the supplier's ability to handle customer complaints. In this case, PT X is getting faster.

Based on the research result, the trust in company employees' suppliers as consumers includes in the excellent category, and these results could improve to create a more optimal relationship of trust and cooperation between the company as a consumer and its supplier.

Efforts to increase trust in suppliers could improve each supplier's performance by collaborating with the company by doing supplier development to suppliers who deem to have poor performance. Good supplier performance can increase a company's trust in its suppliers and foster company loyalty to suppliers.

### **CONCLUSION**

Based on the result previously discussed, the result of this study can conclude that supplier performance in product quality has a positive influence on trust in suppliers, supplier performance in sales service quality has a positive influence on trust in suppliers, supplier performance in technical repair service support has positive influence on trust in suppliers, supplier performance in complaint handling service has a positive influence on trust in suppliers, trust in suppliers has a positive effect on customer loyalty, product quality does not have a positive effect on customer loyalty with trust in suppliers as an intervening variable, sales service quality has a positive effect on customer loyalty with trust in suppliers as an intervening variable, technical repair service support has a positive effect on customer loyalty with trust in suppliers as an intervening variable, and complaint handling service has a positive effect on customer loyalty with trust in suppliers as an intervening variable.

### **REFERENCES**

- Armstrong, G., Adam, S., Denize, S., Kotler, & Philip. (2015). *Principles of Marketing*. Melbourne: Pearson Australia.
- Boone, L. E., & Kurtz, D. L. (2010). *Contemporary Marketing*. USA: South-Western Cengage Learning.
- Chary, S. (2018). *Production and Operations Management 6th Edition*. India: McGraw Hill Education.
- Chase, R., & Jacobs, R. (2013). *Operations and Supply Chain Management 14<sup>th</sup> Edition*. New York: McGraw-Hill Higher Education.
- Daily social.id. (2016). *Indonesia Fintech Report 2016*. Daily social. id.
- Heizer, J., Render, B., & Munson, C. (2017). *Operations Management Sustainability and Supply Chain Management 12th Edition Global Edition*. Harlow, Essex: Pearson.
- Hemalatha, S., Dumpala, L., & Balakrishna, B. (2018). Service Quality Evaluation and Ranking of Container Terminal Operators Through Hybrid Multi-Criteria Decision Making Methods. *The Asian Journal of Shipping and Logistics*, 137-144.
- Jain, M., Khalil, S., Johnston, W. J., & Cheng, J. M.-S. (2014). The Performance Implications of Power-Trust Relationship: The Moderating Role of Commitment in the Supplier-Retailer Relationship. *Industrial Marketing Management*, 312-321.
- Javed, M.K. & Wu, M. (2019). Effect of Online Retailer After D Felivery Services on Repurchase Intention: An Empirical Analysis of Customers Past Experience and Future Confidence with the Retailer. *Journal of Retailing and Consumer Services*, 1-7.
- Kaihatu, T. S., Daengs, A., & Indrianto, A. T. (2015). *Manajemen Komplain*. Yogyakarta: CV ANDI OFFSET.

- Kontan.co.id. (2019, September 4). Retrieved from kontan.co.id: <https://keuangan.kontan.co.id/news/terus-bertumbuh-berikut-tantangan-perkembangan-fintech-di-indonesia>
- Kurata, H., & Nam, S.-H. (2013). After-Sales Service Competition in a Supply Chain: Does Uncertainty Affect the Conflict Between Profit Maximation and Customer Satisfaction. *International Journal Production Economics*, 268-280.
- Lee, S.-J., & You, Y.-y. (2016). The Influences of B2B Service Quality on the Relationship Satisfaction, Brand Performance and Relationship Performance—An Application of the IMP Interaction Model. *Indian Journal of Science and Technology*, 1-7.
- Maestrini, V., Luzzini, D., Caniato, F., Maccarrone, P., & Ronchi, S. (2018). The Impact of Supplier Performance Measurement Systems on Supplier: A Dyadic Lifecycle Perspective. *International Journal of Operations & Production Management*.
- Malhotra, N., Nunan, D., & Birks, D. (2017). *Marketing Research: An Applied Approach Fifth Edition*. London: Prentice Hall, Inc.
- Murali, S., Pugazhendhi, S., & Muralidharan, C. (2016). Supply Chain Social Sustainability for Manufacturing: Measurement and. *Journal of Retailing and Consumer Services*, 67-83.
- Narwal, P., & Nayak, J. (2019). How Consumers Form Product Quality Perceptions in Absence of Fixed Posted Prices: Interaction of Product Cues With Seller Reputation and Third-Party Reviews. *Journal of Retailing and Consumers Services*.
- Paparoidamis, N. G., Katsikeas, C. S., & Chumpitaz, R. (2017). The Role of Supplier Performance in Building Customer Trust and Loyalty: A Cross-Country Examination. *Industrial Marketing Management*, 15-30.
- Peelen, E., & Beltman, R. (2013). *Customer Relationship Management 2nd Edition*. United Kingdom: Pearson Education.
- Peppers, D., & Rogers, M. (2017). *Managing Customer Experience and Relationship*. New Jersey: John Wiley & Sons, Inc.
- Rai, A. K., & Srivastava, M. (2014). *Customer Loyalty: Concept, Context, and Character*. New Delhi: McGraw Hill Education.
- Rigopoulou, I. D., Chaniotakis, I. E., Lymperopoulos, C., & Siomkos, G. I. (2008). After-Sales Service Quality as an Antecedent of Customer Satisfaction: The Case of Electronic Appliances. *Journal of Service Theory and Practice*, 512-527.
- Russo, I., & Confente, I. (2017). *Customer Loyalty and Supply Chain Management: Business-to-Business Customer Loyalty Analysis*. New York: Routledge.
- Schiffman, L. G., & Kanuk, L. L. (2010). *Consumer Behavior Tenth Edition*. Pearson Education.
- Sekaran, U., & Bougie, R. (2013). *Research Methods for Business: A Skill Building Approach*. United Kingdom: Wiley.
- Sheth, J. N., & Mittal, B. (2004). *Customer Behavior: A Managerial Perspective 2<sup>nd</sup> Edition*. USA: South-Western College Pub.
- Sugathan, P., Rossman, A., & Ranjan, K. R. (2018). Toward a Conceptualization of Perceived Complaint Handling Quality in



- Social Media and Traditional Service Channels. *European Journal of Marketing*, 973-1006.
- Tim Markplus. (2009). *The Official MIM Academy Coursebook Service Operation*.
- Wahjudi, D., Kwanda, T., & Sulis, R. (2018). The Impact of After-sales Service Quality on Customer Satisfaction and Customer Loyalty of Middle-upper Class Landed Housings. *Jurnal Tekni Industri*, 65-72.
- Warta Ekonomi. (2018, September 5). Retrieved from [wartaekonomi.co.id](http://wartaekonomi.co.id): <https://www.wartaekonomi.co.id/read193922/sudah-baikkah-hubungan-anda-dengan-pemasok-bisnis-anda.html>
- Wirtz, J., & Christopher, L. (2016). *Services Marketing: People, Technology, Strategy Eighth Edition*. USA: World Scientific Publishing.
- Wu, C.-W. (2015). Antecedents of Franchise Strategy and Performance. *Journal of Business Research*, 1581-1588.
- Xhema, J., Metin, H., & Groumpos, P. (2018). Switching-Cost, Corporate Image, and Product Quality Effect on Customer Loyalty Kosovo Retail Market. *IFAC Paper Online*, 287-292.
- Zaroni. (2017). *Logistics and Supply Chain: Konsep Dasar-Logistik Kontemporer-Praktik Terbaik*. Jakarta: Prasetya Mulya Publishing.
- Zheng, Y. (2010). *Trust Modeling and Management in Digital Environments: From Social Concept to System Development*. USA: Information Science Reference. Zikmund, Zikmund, et. al. (2013). *Business research methods*. 9<sup>th</sup>ed. South-Western, Language Learning.