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Original Research Article

The Effect of Complaint Handling on Customer Loyalty and its Impact on Customer Satisfaction (Study on Consumers of PT Telkom Witel of West Kalimantan)

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Abstract: Many digital products emerged during the digital era as humans began to coexist with them. Telecommunications is one of many changes in human life due to the development in the current era. There are numerous telecommunications companies in Indonesia today, including PT. Telkom Indonesia, Tbk, PT. Indosat, Tbk, PT. XL Axiata, Tbk, and others. PT Telkom Indonesia is Indonesia's largest telecommunications and network service provider. It is a large and well-known company among young people in West Kalimantan. As a result, it strives to provide the most recent innovations and the best customer service. Customer handling has a significant impact on Customer Satisfaction and ensures a positive image for the community. This study aimed to analyze the effect of Complaint Handling on Customer Loyalty which, in turn, would have an impact on Customer Satisfaction at PT Telkom Indonesia. To collect the data, researchers distributed a questionnaire to 205 respondents who were chosen using a purposive sampling technique. Subsequently, the obtained data were analyzed employing Structural Equation Modeling (SEM) via *AMOS 26* statistical software. The findings indicated that 1) Complaint Handling had a positive and significant effect on Customer Loyalty, 2) Complaint Handling had a positive and significant effect on Customer Satisfaction, 3) Customer Loyalty had a positive and significant effect on Customer Satisfaction, and 4) Customer Loyalty could mediate the relationship between Complaint Handling and Customer Satisfaction.
Keywords: Customer Complaint, Customer Satisfaction, Customer Loyalty, Network Service, numerous telecommunications, era digital.

1. INTRODUCTION

There are numerous internet service providers in Indonesia. Nonetheless, keeping people loyal to their services for an extended period is challenging because ensuring quality and customer satisfaction requires significant effort. PT. Telkom is one of the state-owned enterprises in which the government of the Republic of Indonesia owns 52.6% of the stock, while the public possesses the remaining 47.4%. The company's shares are traded on the Indonesian Stock Exchange ("IDX"), New York Stock Exchange ("NYSE"), London Stock Exchange ("LSE"), and Public Offering Without Listing ("POWL") in Japan.

The popularity of a brand leads to an increase in the number of product users and potential problems. Most people believe that the more well-known the product brand, the higher the quality of customer satisfaction. However, it will never be completely free of customer complaints.

Customers' complaints will be received by service providers such as PT Telkom. Customers must have complained about it as it grew to become as well-known as it is today. According to Law No. 52 of 2000 on Telecommunications Operation, the telecommunications operation system in Indonesia includes the operation of networks, services, and special telecommunications. Furthermore, Law No. 25 of 2009 on public services states that the principles of good governance imply the effectiveness of governmental functions. Likewise, public services provided by governments or corporations can effectively strengthen democracy and human rights.

PT Telkom Witel of West Kalimantan must consider service quality as a response to consumer

expectations, including feedback and problem-solving. According to Lovelock (Duaji, 2013), service quality is an adjustment to the details, indicating a level of excellence to be achieved to meet service users' needs.

Rangkuti (2013) argues that customer satisfaction is a post-purchase evaluation in which the purchased items must meet or exceed the customer's expectations. Customers will be pleased if their expectations are met or even exceeded. As a result, those satisfied customers will tell other manufacturers or service providers about their positive experiences. As a result, if both customers and producers are satisfied, they will benefit from each other.

2. LITERATURE REVIEW
2.1 Complaint Handling and Customer Loyalty
Complaint Handling has a positive effect on Customer Loyalty (Ahmad *et al.,* 2020). Likewise, Suryani (2017) states that Complaint Handling has a positive and significant effect on Customer Loyalty. Based on these descriptions, the following research hypothesis was proposed:

H1: Complaint Handling has a significant and positive effect on Customer Loyalty and Customer Satisfaction.

2.2 Complaint Handling and Customer Satisfaction
Complaint Handling is believed to have a positive effect on Customer Satisfaction (Zhou, 2018; Chen *et al.,* 2018). Hence, researchers formulated a hypothesis as follows:

H2: Customer Loyalty has a significant and positive effect on Customer Complaint and Customer Satisfaction.

2.3 Customer Loyalty and Customer Satisfaction
Customer Satisfaction has a positive effect on Customer Loyalty (Salim *et al.,* 2018). Besides, Customer Loyalty has a significant direct effect on Customer Satisfaction (Lesmana & Hasbiyah, 2019). It supported the results of previous research by Getty and Thompson (1994), who revealed a positive correlation between Customer Loyalty and Customer Satisfaction. Accordingly, the present study proposed the following hypothesis:

H3: Customer Loyalty has a significant and positive effect on Customer Satisfaction.

3. METHODS
3.1 Measurement
The design employed in this study was causal research. Researchers distributed a questionnaire to respondents who were considered to meet several predetermined criteria to collect research data. The questionnaire involved a 5-point Likert Scale (1 = strongly disagree; 5 = strongly agree). Services provided were measured using six items adapted from Namkung and Jang (2007) and Jang and Namkung (2009). Service Quality was examined using four items adapted from Brady and Cronin (2001) and Jang and Namkung (2009). Customer Satisfaction was determined using three items adapted from Oliver (1997) and Ryu *et al.,* (2008). Behavioral Intention was measured using five items adapted from Zeithaml *et al.,* (1996).

3.2 Sampling and Data Collection
This study included 205 respondents who were customers of PT. Telkom Witel in Pontianak City, West Kalimantan. Furthermore, they have been customers of this company for about a year.

3.3 Data Analysis
This study employed Structural Equation Modeling (SEM) via *AMOS 25* statistical software to analyze and evaluate the measurement and structural models of the research construct. The model fit test was assessed based on the Goodness of Fit Index parameters, including Chi-Square (χ2), CMIN/DF, Root Mean Square Error of Approximation (RMSEA), Root Mean Squared Residual (RMR), Goodness of Fit Index (GFI), Tucker-Lewis Index (TLI), Incremental Fit Index (IFI), Comparative Fit Index (CFI), and Normed Fit Index (NFI). The validity test relied on the Standardized Factor Loading (SFL), whose value must be ≥ 0.50. On the other hand, construct reliability depended on the tabulated results of Construct Reliability (CR) and Average Variance Extracted (AVE) values. Furthermore, the SEM analysis was conducted to assess whether the research hypothesis was accepted or rejected by displaying the t-score for each coefficient.

4. RESULTS AND DISCUSSION
4.1 Respondent Characteristics
The analysis of respondents' profiles was based on the following demographic data:

Table 1: Respondent Characteristics

Category	Item	F	%
Gender	Male	137	67
	Female	68	33
	Total	**205**	**100**
Age	15-19 years	28	14
	19-24 years	79	38
	24-35 years	90	44
	Over 35 years	8	4
	Total	**205**	**100**

Category	Item	F	%
Occupation	Student/College Student	38	18
	State Civil Apparatus	73	36
	Private Sector Employees	50	24
	Entrepreneur	16	8
	Others	28	14
	Total	**205**	**100**
Subscription duration at PT Telkom Witel of West Kalimantan.	Less than 1 year	45	22
	1-2 years	78	38
	3-4 years	69	34
	More than 5 years	13	6
	Total	**205**	**100**
Costs incurred to subscribe to PT Telkom Witel of West Kalimantan within a month.	Less than IDR 300,000	87	42
	IDR 300,000 - less than IDR 500,000	98	48
	IDR 500,000 - less than IDR 700,000	8	4
	IDR 700,000 or more	12	6
	Total	**205**	**100**
Number of complaints about PT Telkom products and services in the last year.	Less than 3 times	103	50
	3-5 times	97	47
	More than 5 times	5	3
	Total	**205**	**100**

Based on Table 1, most respondents were male, 137 out of 205 people, or 67%; they were dominated by an average age of 24-35 years, precisely 90 people, or 44%; most of them worked as State Civil Apparatus, precisely 73 people, or 36 %; the subscription duration was dominated by 1-2 years, precisely 78 people, or 38%; dominant subscription cost was IDR 300,000 - less than IDR 500,000, precisely 98 people, or 48%; most of them submitted complain for less than three times, precisely 103 people, or 50%.

4.1 Measurement and Structural Models
The results are displayed in the following table:

Table 2: Measurement Model Results

Variables	Items	SFL	AVE	CR
Complaint Handling	I can quickly get a response to my complaint.	0.757	0.855	0.978
	Complaint handling conducted by PT Telkom is satisfactory.	0.846		
	The existence of the *Plasa Telkom* office helps me submit a complaint.	0.872		
	Customers easily understand the information conveyed by officers.	0.893		
	Platforms such as *myIndiHome*, *Twitter*, *147*, *Instagram*, and *Sobat IndiHome* ease consumers' interaction by submitting questions/problems/complaints.	0.904		
	PT Telkom provides fair complaint-handling services for every customer.	0.854		
	The terms and conditions applied are beneficial to customers.	0.854		
	PT Telkom provides transparent complaint-handling services (costs, VAT, and product details).	0.856		
Customer Satisfaction	PT Telkom provides quality products and services that meet customer expectations.	0.904	0.914	0.966
	As long as I subscribe to PT Telkom, I am satisfied with the services provided.	0.927		
	I feel happy using the products offered by PT Telkom (Modem, STB, and Smart Camera).	0.910		
Customer Loyalty	As a customer, I am satisfied with the products and services provided by PT Telkom.	0.904	0.948	0.979
	As a customer, I recommend other people/families to use the products and services offered by PT Telkom.	0.990		
	As a customer of PT Telkom, I am not interested in switching to other products and services because I already feel comfortable with what I have subscribed to.	0.949		

Table 2 displays the overall model validity and reliability test results. The Standardized Factor Loading (SFL) values of all variables were above 0.50, indicating that all indicators were declared valid and could measure the construct of the full model. Likewise, the reliability test also obtained appropriate results. All

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instruments were declared reliable and could consistently measure the construct of the full model. It was reflected in the Average Variance Extracted (AVE) value of ≥ 0.50 and the Construct Reliability (CR) value of ≥ 0.70.

Table 3: Goodness of Fit Index

Goodness of Fit Index	Cut-off Value	Results
TLI	≥ 0.90	0.919
IFI	≥ 0.90	0.943
CFI	≥ 0.90	0.934
NFI	≥ 0.90	0.922
RFI	≥ 0.90	0.904

Table 3 shows the model fit test results, signifying that the suitability requirements of the model were accepted and fit. Five measurements showed a good fit. In this regard, Hair *et al.,* (2014) state that a research model construct can be declared fit and accepted if three to four measurements obtain a good fit or above the cut-off value.

Hypotheses Testing

The test results of the causal relationship between variables involved in the present study are presented below.

Hypotheses	Path	Estimate	S.E.	C.R.	P	Conclusion
H₁	Complaint Handling <--- Customer Loyalty	0.313	0.134	2.329	0.020	Significant
H₂	Complaint Handling <--- Customer Satisfaction	1.068	0.055	19.309	***	Significant
H₃	Customer Loyalty <--- Customer Satisfaction	0.704	0.122	5.776	***	Significant

Based on Table 4, the t-score of the effect of Complaint Handling on Customer Loyalty was 2.329, greater than the t-table (1.96), with a p-value less than 0.001, below 0.05 ($\alpha = 0.05$). These results were related to the first hypothesis: Complaint Handling had a positive and significant effect on Customer Loyalty. For the second hypothesis, the t-score of the effect of Complaint Handling on Customer Satisfaction was 19.309, with a p-value less than 0.001. It proved that Complaint Handling had a positive and significant effect on Customer Satisfaction. For the third hypothesis, the t-score of the effect of Customer Loyalty on Customer Satisfaction was 5.776, with a p-value less than 0.001. It corroborated that Customer Loyalty had a positive and significant effect on Customer Satisfaction.
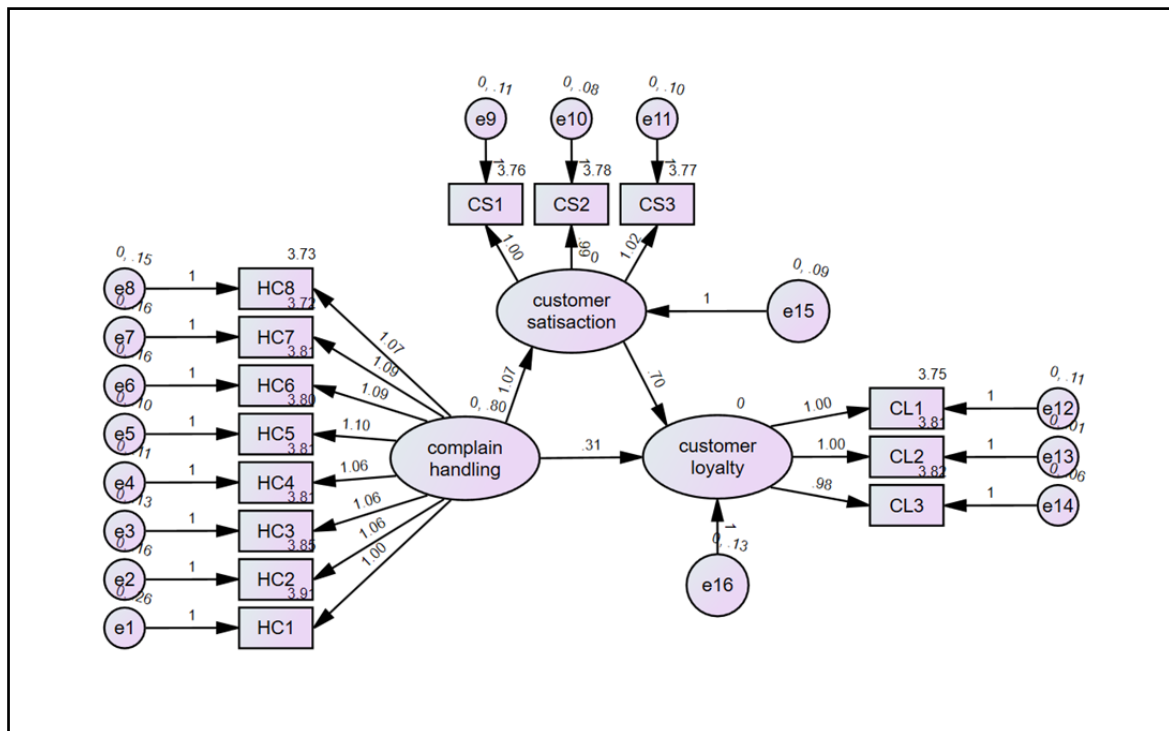

Figure 1: Full Structural Model Test

Furthermore, the indirect effect of the mediating variable is presented in Table 4, which contains the Sobel test results.

Table 4: Sobel Test - Significance of Mediation

	Sobel test statistic	Two-tailed probability
Complaint Handling --> Customer Satisfaction --> Customer Loyalty	5.31	0.03

Based on the Sobel test results in Table 5, the value of the Sobel test statistic was 5.31, with a p-value of 0.03, less than 0.05 ($\alpha = 0.05$). It confirmed that there was a significant indirect effect of Complaint Handling on Customer Loyalty mediated by Customer Satisfaction.

5. DISCUSSION

Complaint Handling had a positive effect on Customer Loyalty. Ahmad *et al.,* (2020) state that well-executed Complaint Handling can convert a complaining consumer into a loyal one.

Complaint Handling had a positive effect on Customer Satisfaction. In this regard, Zhou (2018) and Chen *et al.,* (2018) explain that Complaint Handling can help business actors identify and resolve internal obstacles and problems. It can also aid in the development of relationships with customers in order to keep them satisfied.

Customer Loyalty had a significant direct effect on Customer Satisfaction. It was in line with Lesmana & Hasbiyah (2019) in which Customer Loyalty can improve Customer Satisfaction.

6. ACKNOWLEDGEMENTS

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