

# THE EFFECT OF TRUST ON LOYALTY MEDIATED BY CUSTOMER SATISFACTION AND COMMITMENT

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**ABSTRACT:** This study aims to analyze the effect of trust on customer loyalty by mediating customer satisfaction and commitment. This study uses a quantitative approach by collecting data through surveys using questionnaires to respondents who are customers of an organization or company. Data analysis was performed using regression methods to evaluate how trust can affect loyalty, with customer satisfaction and commitment as intermediary variables. The results of this study are expected to provide a better understanding of the relationship between trust, customer satisfaction, commitment, and customer loyalty. The implications may provide valuable insight for business practitioners in developing strategies that increase customer loyalty through increased trust, customer satisfaction, and commitment. This research can also make theoretical contributions to the marketing management literature regarding the relationship between these variables.

**Keywords:** Trust, Loyalty, Customer Satisfaction, Commitment

## INTRODUCTION

Business competition in the world is growing increasingly, this is marked by the emergence of new businesses both in production and service sectors. The Grouping of businesses based on their objectives is divided into *Profit* (profit) and *Non-Profit* (Non-Profit) business sectors.

The Profit Business sector is one form of business carried out by a group of people to achieve a common goal of making the maximum profit. Meanwhile, a *Non-Profit* business is a form of business that is carried out with a specific purpose and in its implementation is not solely on

generating profit and accumulating wealth, but rather on prioritizing public services.

Each business sector or industry is expected to create a sustainable competitive advantage in the face of many competitors engaged in the same sectors. Increased competition will lead to a large selection of products or services on the market so consumers will be more careful in choosing every product or service available.

With this competition, one of the things that the company can do is to retain existing customers in addition to continuing new potential customers. It

means the company must be able to maintain the loyalty of its consumers.

In Supertini. N.P.S. (2020) research, Fihartini (2010) stated that a successful company is a company that has many loyal customers. Furthermore, Griffin (2005) mentioned that the longer customer loyalty, the greater the potential profit.

Loyalty can develop among customers when they place trust in a company. Establishing trust is crucial for fostering strong relationships between companies and customers. The greater level of customer trust in the product or service sectors, the more likely they are to remain loyal customers to the company (Supertini. N.P.S., 2020).

*Trust* is one of the factors that can build *loyalty*, it occurs in every business, both products and services. One of the businesses in the service sectors that are closely related to trust is education.

Educational service is one form of *Non-Profit* business, where the non-profit business has a goal not solely to

seek profit but is more concerned with public services.

Some examples of business sectors or non-profit organizations are houses of worship, hospitals, public clinics, volunteer service organizations, trade unions, museums, government agencies, political organizations, professional associations, research institutes, and schools.

School is one of the non-profit businesses, and while their primary objective is not profit-driven, the education sector faces intense competition. It can be seen in the growth number of schools or education units in the last 5 years which has generally been on the rise. However, there was a decrease noted in 2020/2021. It can be seen in the main data for education of the Directorate General of Early Childhood Education, Primary Education, and Secondary Education, Ministry of Education, Culture, Research and Technology as shown in Table 1.

**Table 1. Growth of Public and Private Schools Elementary and Intermediate Levels**

Academic Year	Primary school		Junior High School		High School		Vocational High School		Sum
	Country	Private	Country	Private	Country	Private	Country	Private	
2018/2019	131.867	16.815	23.386	16.254	6.815	6.880	3.578	10.488	<b>216.083</b>
2019/2020	131.879	17.556	23.594	16.965	6.883	7.061	3.622	10.679	<b>218.239</b>
2020/2021	131.058	17.685	23.670	16.927	6.899	6.966	3.629	10.449	<b>217.283</b>
2021/2022	130.711	18.281	23.797	17.605	6.945	7.062	3.664	10.535	<b>218.600</b>
2022/2023	130.129	18.975	23.910	18.134	6.998	7.250	3.693	10.573	<b>219.662</b>
<b>Total</b>	655.644	89.312	118.357	85.885	34.540	35.219	18.186	52.724	

<b>Total Per Tier</b>	<b>744.956</b>	<b>204.242</b>	<b>69.759</b>	<b>70.910</b>	
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Source: <https://dapo.kemdikbud.go.id>

The large number of educational institutions, causes competition in education sectors to be tighter, where both public and private schools are trying to increase the quantity and quality. As the number of educational services expands, establishing and maintaining high levels of trust among customers, particularly parents choosing schools for their children, becomes crucial.

Parents have an important role in the selection and determination of their children's education. With the trust parents have, it can cause commitment to seek the best education for their children.

With the increasing number of educational institutions, this is a big challenge for stakeholders, including owners' foundations, school principals, educators, and administration staff to maintain parents' loyalty. So, parents remain committed and willing to enroll their children in the school.

Education needs a long process; it needs a high level of parents' trust to remain loyal to a particular school. Research by various scholars has indicated that trust has a positive and significant effect on loyalty, although there are conflicting studies suggesting otherwise. Some studies assert that trust may not always have a direct and significant effect on loyalty (Mahendra Son & Gai Sin, n.d.; Martin & Fate, 2021;

Putu et al., 2018; Supertini. N.P.S., 2020; John F. C. P. Meilani, & Ian N. Suryawan, 2020)

Additionally, some studies highlight that the correlation between trust and loyalty was negative and insignificant. It caused some factors to indirectly influence loyalty, especially commitment. Commitment is an effort to maintain the relationship between the company and consumers. On the other hand, customer satisfaction is also a factor that can affect trust to loyalty (Princess & Pratiwi, N.D.; Tabrani et al., 2018)

In other studies, have presented contrasting findings, for instance, research conducted by (Alkhalwaldeh & Eneizan, 2018; Princess & Pratiwi, N.D.; Supertini. N.P.S., 2020). Ismanova, (2019) argues that satisfaction has no direct and insignificant effect on loyalty.

This aligns with additional research asserting that customer satisfaction does influence loyalty. Several studies have explored factors influencing customer loyalty including trust, commitment, and customer satisfaction, as highlighted by Juandi (2018).

The current phenomenon that occurs in the education business is that many educational institutions, especially private schools have established several levels such as kindergarten, elementary,

junior high, high school, and even vocational high schools. However, it is still difficult to find students even though the number of students at the lower level is sufficient or even excessive to enroll in the upper level. Why parents who already have trust in a school are not necessarily loyal to send their children back to the same school at different levels?

Based on this phenomenon, the author was inspired to explore the factors influencing loyalty in educational institutions. Consequently, the research

is titled "**The Effect of Trust on Loyalty Mediated by Customer Satisfaction and Commitment**". The empirical investigation was carried out both at High Schools and Vocational High Schools in Perkumpulan Strada Tangerang.

Strada Tangerang is part of Strada Association schools with 74 schools from kindergarten, elementary school, junior high school, senior high school, and vocational high school. The growth of schools in Tangerang can be seen in Table 2.

**Table 2. The Growth of Public and Private Schools in Tangerang City**

Academic Year	Elementary School		Junior High School		Senior High School		Vocational High School		Sum
	Country	Private	Country	Private	Country	Private	Country	Private	
2019/2020	338	144	33	166	15	69	9	120	<b>894</b>
2020/2021	338	148	33	168	15	70	9	121	<b>902</b>
2021/2022	298	148	33	166	15	70	9	122	<b>861</b>
2022/2023	298	148	33	168	15	74	9	118	<b>863</b>
<b>Total</b>	1.272	588	132	668	60	282	36	481	
<b>Total Per Tier</b>	<b>1.860</b>		<b>800</b>		<b>343</b>		<b>517</b>		

Source: <https://dapo.kemdikbud.go.id>

The data presented in the table reflects the number of schools in Tangerang. Educational institutions are engaged in a competition to optimize the ratio of students based on available capacity. The author observes a scarcity of studies addressing factors influencing loyalty in the realm of educational services, particularly at the high and vocational levels.

### Literature review

#### Loyalty

Customer loyalty is important because it affects long-term profitability and is related to the customer's experience in using of product or service. Aaker (2015) in research, of Yohana FCP Meilani, & Ian N. Suryawan (2020) confirms that customers will be happy to recommend the products or services they use to

colleagues or relatives. Meanwhile, according to Putu et al (2018), Customer loyalty is a choice to choose a particular brand among other brands in the same product category.

### **Trust**

Trust is the knowledge that customers have regarding objects, attributes, or benefits of products or services. Trust will arise when customers feel safe while using the product or service. This is in line with what was conveyed by Reichheld and Schefter (2000) in their research Yohana FCP Meilani, & Ian N. Suryawan (2020) which states that trust is a prerequisite for creating and maintaining long-term relationships between companies and customers.

### **Customer satisfaction**

A consumer will assess or evaluate the product or service that has been used. If it is as same as with consumer expectations, it will create a high level of satisfaction.

The research of Chandra et al., (2018) states that satisfaction is a customer response to the services provided (Tse & Wilton 1998). When

customers feel they are getting more value from the price paid, satisfaction arises. On the other hand, dissatisfaction arises if the service is not commensurate with the expected value of the costs incurred. Whereas in research of Hassan et al. (2019) states that customer satisfaction is a concept in marketing that is applied across industries.

### **Commitment**

Commitment is an act of loyalty and responsibility of a person towards others. In research, Ismanova (2019) states that parties who are committed and believe in the importance of a relationship will make efforts to preserve and ensure its future (Morgan & Hunt, 1994).

As asserted by Alkhaldeh et al., (2017), commitment is a vital element for building long-term relationships between customers and the company.

### **Research Hypothesis**

The previous research forms the conceptual framework and discussion for this study. The variables in this research are trust, loyalty, customer satisfaction, and commitment.

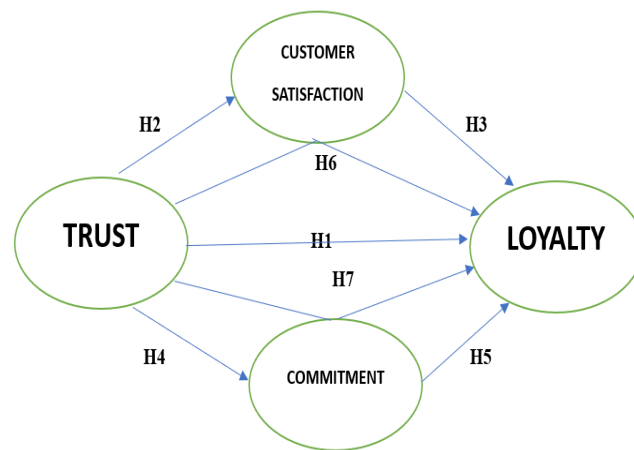


Figure 1: Framework of the concept

### The Effect of *Trust* on *Loyalty*

Consumers who feel safe when consuming or using products or services will have a high sense of trust (Martin & Nasib, 2021). In the study of 'The Effort to Increase Loyalty through Brand Image, Brand Trust, and Satisfaction as Intervening Variables' Trust has a significant effect on loyalty (Martin & Nasib, 2021). Customers who possess trust tend to exhibit a significant positive relationship with loyalty. (Putu et al., 2018). Similarly, (Yohana F. C. P. Meilani, & Ian N. Suryawan, 2020. And (Mahendra Putra & Gai Sin, n.d.) emphasize that stimulated trust has a positive and significant effect on consumer loyalty. Based on the research,

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

Martin & Nasib's (2021) research states student satisfaction variables have a significant effect on increasing loyalty. Loyalty cannot be achieved by simply offering good quality service but must

the following hypothesis can be compiled:

**H1: *Trust* has a positive and significant effect on *loyalty*.**

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

In Martin & Nasib's (2021) research, trust has a significant effect on student satisfaction. Tabrani et al. (2018), stated that trust has a positive and significant effect on customer satisfaction. Based on prior research, the following hypothesis can be compiled:

**H2: *Trust* has a positive and significant effect on *Customer Satisfaction***

be followed by efforts that increase satisfaction (Chandra et al., 2019). It is similar to Wijaya et al. (2020) that student satisfaction has a significant effect on loyalty.

This opinion is the same with Hassan et al., (2019) which states that

student satisfaction has a direct and significant effect on loyalty. Wijaya et al. (2020) state that student satisfaction has a significant effect on loyalty. The others stated that satisfaction has a positive and significant effect on loyalty (Kusdibyo & Februadi, 2019; Tabrani et al., 2018). Based on this research, the following hypotheses can be compiled:

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

#### **The Effect of *Trust* on *Commitment***

The Research of Tabrani et al., (2018) stated that consumer trust is based on consumer experience, feelings of confidence, and having a sense of security or the ability to behave honestly and commit to rules and regulations. Based on the prior research, the following hypothesis can be compiled.

**H4: *Trust* has a positive and significant effect on *Commitment***

#### **The Effect of *Commitment* on *Loyalty***

In research, Ismanova (2019) states that the main factor that affects student

#### **The effect of *Trust* on *Loyalty* mediated by *Commitment***

In research, Ismanova (2019) states that as mediation, commitment has a high positive influence on loyalty. The same opinion was also expressed by (Alkhaldeh et al., 2017) that brand commitment has a positive effect on brand loyalty as an *intervening* or

loyalty is commitment. The positive correlation between commitment and loyalty is very strong. It is also stated by (Tabrani et al., 2018) that commitment has a positive and significant effect on loyalty. Based on previous research, the following hypothesis can be compiled:

**H5: *Commitment* has a positive and significant effect on *Loyalty***

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

In Martin & Nasib's (2021) research, student satisfaction plays a role in mediating brand trust in student loyalty. In addition, the opinions of Kusdibyo & Februadi (2019) and Adhitya Akbar (2019) also stated that the variable of satisfaction mediates positively on loyalty. Supertini N.P.S., (2020) states that customer trust and satisfaction have a positive and significant effect on customer loyalty. The following hypothesis can be compiled:

**H6: *Trust* has a positive and significant effect on *loyalty* mediated by *Customer Satisfaction***

mediation medium. Tabrani et al., (2018) state that *trust* has a positive and significant effect on *loyalty* mediated by *commitment*.

Based on that research, the following hypothesis can be compiled:

**H7: *Trust* has a positive and significant effect on *Loyalty* mediated by *Commitment***

## RESEARCH METHODS

### Population and Sample

#### Population

Population is the entire object of research that has certain characteristics in a study. The whole object can consist of humans, animals, phenomena, or events. Ahyar *et al.* (2020) say that population is the size or number of a community group in a certain research area. The population in this study is parents who send their children to senior high school and vocational high schools of Strada Association in Tangerang. They are Strada St. Thomas Aquino High School and Strada Daan Mogot Vocational High School.

#### Sample

The sample is part of a population consisting of several members selected by the researcher. The sample is part of the total population of subjects and objects that exhibit a trait (Sekaran and Bougie, 2020). Researchers use a representative and validated sample of the population.

By Hair *et al.* (2020), the recommended minimum sample size ranges from 100 to 200 samples. The minimum number of respondents is determined by multiplying the number of indicators by 5-10 times. For this study, which utilizes 27 indicators, the calculation for the minimum sample count is as follows:

Minimum sample count =  $27 \times 5 = 135$

Therefore, the total number of respondents for this study is set at 135 parents.

#### Research Instrument Testing

The primary data used in this study were derived from questionnaire instruments. To ensure the validity, reliability, and objectivity of the collected data, validity, and reliability testing were conducted, as stipulated by the main criteria of quantitative research (Ahyar *et al.*, 2020).

#### Validity Test

The Validity Test assesses the accuracy of data alignment between the research object and the reported data (Ahyar *et al.*, 2020). Data is declared valid when the tested data aligns closely with the reported data. As Pardede and Manurung (2015), validity indicates the accuracy of a measuring instrument. In the context of questionnaires, validity tests ascertain the adequacy of the study measuring instrument. This research uses the SmartPLS application. Haryono (2016), model evaluation in PLS-SEM consists of 2 stages; outer model evaluation, also known as measurement model evaluation, and inner model evaluation or structural measurement.

Hair *et al.*, (2017) state that validity tests can be conducted through two stages; convergent validity testing and discriminant validity testing. The convergent validity test is used to assess the validity statements of each variable to ensure their comprehension by respondents. As stated by Haryono (2016), convergent validity measures the magnitude of the correlation between constructs and latent variables. Hair *et*



al., (2017) specify criteria assessing convergent validity, including a standardized loading factor which describes the magnitude of the correlation of each measurement indicator with a value  $> 0.7$  and an AVE (Average Variance Extracted) value  $> 0.5$ .

Discriminant validity testing is used to assess how well statements for each variable are distinguished based on respondent answers. According to Hair, et al., (2017), discriminant testing assesses construct validity by comparing the model value with other constructs using empirical standards. Evaluation based on AVE (Average Variance Extracted), the average AVE  $>$  from the correlation between latent constructs while HTMT (Heterotrait Monotrait Ratio) value is considered valid if is below 0.9.

### **Reliability Test**

Reliability Testing is related to accuracy and consistency (Ahyar et al., 2020). According to Pardede and Manurung (2015), reliability testing is the level of internal stability derived from the indicator, which proves how well each indicator tracks general variables. Reliability testing is performed to determine the consistent level of measurement. This test is related to the accuracy, consistency, and predictability of instruments. A questionnaire measurement tool is deemed reliable when an individual's responses to the items remain consistent over time.

Therefore, reliability testing needs to be carried out to obtain reliable data.

This research uses the SmartPLS application, where reliability testing goes through two stages; composite reliability and Cronbach's alpha. The empirical value of composite reliability is used to see the internal consistency of instruments. The Cronbach's alpha value is used as the base value that each study looks at to find out whether the research is reliable or not. Cronbach's alpha value  $> 0.7$  (Hair et al., 2017).

## **RESULTS AND DISCUSSION**

### **Test Instruments: Validity and Reliability**

The collected data was analyzed through SmartPLS version 4.0 with 297 respondents.

#### **Instrument Test Validity (Validity)**

This validity testing aims to assess the validity/feasibility of each questionnaire item and it was conducted using SmartPLS 4.0 software, encompassing 4 variables with 27 questions.

#### **Outer Model Evaluation**

Evaluation of the outer model or measurement model is carried out to assess its validity and reliability. In the case of Outer models with reflexive indicators, along with assessing composite reliability for each indicator (Ghozali and Latan, 2015).

Convergent Validity Testing of each construct indicator based on Hair et al (2019), an indicator is considered valid if its outer loading value  $> 0.7$ .

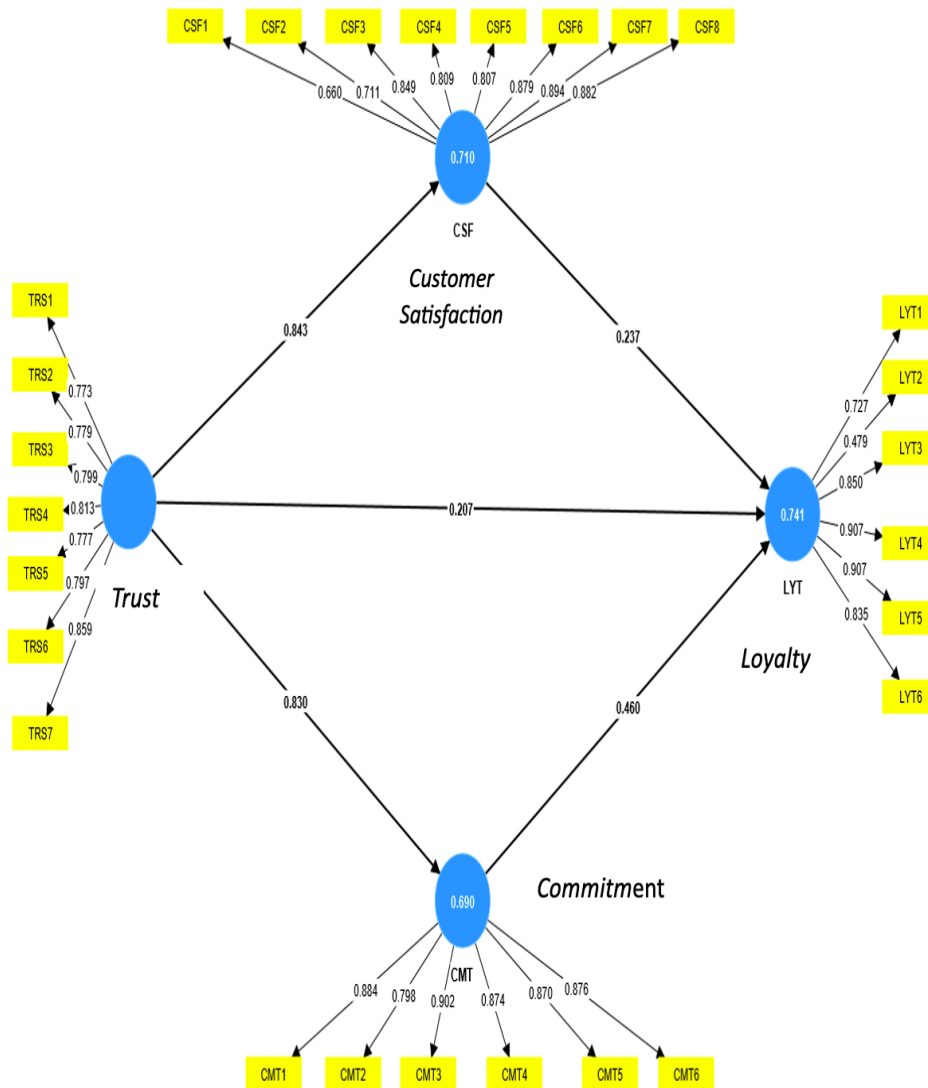


Figure 2. Outer Model

Source: SmartPLS 4.0 Data Processing Results (2023)

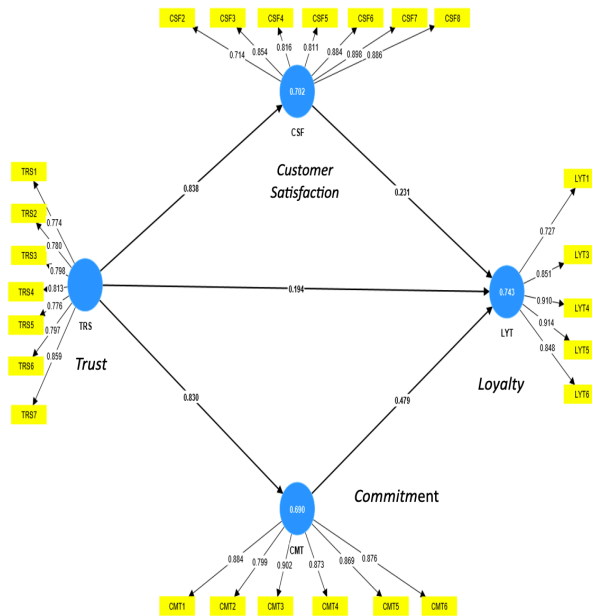
Table 3. Table of Validity Test Results

Variable	Item Code	Outer Loading	Information
<b>Trust</b>	TRS1	0.773	Valid
	TRS2	0.779	Valid
	TRS3	0.799	Valid
	TRS4	0.813	Valid
	TRS5	0.777	Valid
	TRS6	0.797	Valid
	TRS7	0.859	Valid
<b>Customer Satisfaction (Kepuasan Pelanggan)</b>	CSF1	0.660	Invalid
	CSF2	0.711	Valid
	CSF3	0.849	Valid
	CSF4	0.809	Valid

	CSF5	0.807	Valid
	CSF6	0.879	Valid
	CSF7	0.894	Valid
	CSF8	0.882	Valid
<b>Commitment</b>	CMT1	0.884	Valid
	CMT2	0.798	Valid
	CMT3	0.902	Valid
	CMT4	0.874	Valid
	CMT5	0.870	Valid
	CMT6	0.876	Valid
<b>Loyalty</b>	LYT1	0.727	Valid
	LYT2	0.479	Invalid
	LYT3	0.850	Valid
	LYT4	0.907	Valid
	LYT5	0.907	Valid
	LYT6	0.835	Valid

Referring to Table 3, most indicators of each research variable have an outer loading greater than 0.7. However, 2 indicators are less than 0.7. They are CSF 1 with an outer loading of

0.660 and LYT 2 with an outer loading of 0.479. therefore, the outer loading below 0.7 is removed from the model. The outer model with 25 question indicators as follows:



**Figure 3. Outer Model with 25 indicators**

Source: SmartPLS 4.0 Data Processing Results (2023)

**Table 4. Table of Validity Test Results**

Variable	Item Code	Outer Loading	Information
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<b>Trust</b>	TRS1	0.774	Valid
	TRS2	0.780	Valid
	TRS3	0.798	Valid
	TRS4	0.813	Valid
	TRS5	0.776	Valid
	TRS6	0.797	Valid
	TRS7	0.859	Valid
<b>Customer Satisfaction (Kepuasan Pelanggan)</b>	CSF2	0.714	Valid
	CSF3	0.854	Valid
	CSF4	0.816	Valid
	CSF5	0.811	Valid
	CSF6	0.884	Valid
	CSF7	0.898	Valid
	CSF8	0.886	Valid
	<b>Commitment</b>	CMT1	0.884
CMT2		0.799	Valid
CMT3		0.902	Valid
CMT4		0.873	Valid
CMT5		0.869	Valid
CMT6		0.876	Valid
<b>Loyalty</b>	LYT1	0.727	Valid
	LYT3	0.851	Valid
	LYT4	0.910	Valid
	LYT5	0.914	Valid
	LYT6	0.848	Valid

Source: SmartPLS 4.0 Data Processing Results (2023)

The results of the outer loading in Table 4 are:

1. The highest indicator of the Trust variable is TRS 7 with 0.859
2. The highest indicator of the Customer Satisfaction variable was CSF 7 with 0.898
3. The highest indicator of the Commitment variable is CMT 1 with 0.884

4. The highest indicator of the Loyalty variable is LYT 5 with 0.914

#### **Average Variance Extracted (AVE) Testing**

Ghozali and Latan (2015), emphasize that the AVE (*Average Variance Extracted*) value must exceed 0.5, for a variable to be considered valid. The following are the AVE values for each variable:

**Table 5. Average Variance Extracted (AVE) Test Results**

Variable	AVE	Information
<i>Trust</i>	0,640	Valid
<i>Customer Satisfaction</i>	0.705	Valid
<i>Commitment</i>	0.753	Valid
<i>Loyalty</i>	0.727	Valid

Source: SmartPLS 4.0 Data Processing Results (2023)

Table 4 and Table 5 reveal that the outer loading values of all indicators not only meet the stipulated requirements but are also supported by AVE values exceeding 0.5. Table 5 highlights that the customer satisfaction variable boasts the highest AVE Value, whereas the trust variable shows the lowest AVE value. Table 4 and Table 5, indicate that the data in this study satisfies the criteria for convergent validity.

### Discriminant Validity Testing

Discriminant Validity testing aims to demonstrate the distinctiveness of a construct from other variables. For the measurement model featuring reflective indicators, this assessment relies on cross-loading measurements with indicators from other latent variables, as recommended by (Ghozali and Latan, 2015).

**Table 6. Discriminant Validity Test Results**

Code	Trust	Customer Satisfaction	Commitment	Loyalty
TRS 1	<b>0.774</b>	0.677	0.639	0.600
TRS 2	<b>0.780</b>	0.671	0.678	0.597
TRS 3	<b>0.798</b>	0.617	0.661	0.627
TRS 4	<b>0.813</b>	0.723	0.680	0.657
TRS 5	<b>0.776</b>	0.634	0.671	0.659
TRS 6	<b>0.797</b>	0.641	0.580	0.591
TRS 7	<b>0.859</b>	0.722	0.732	0.662
CSF2	0.613	<b>0.714</b>	0.597	0.521
CSF3	0.725	<b>0.854</b>	0.752	0.723
CSF4	0.669	<b>0.816</b>	0.660	0.604
CSF5	0.681	<b>0.811</b>	0.690	0.662
CSF6	0.760	<b>0.884</b>	0.767	0.728
CSF7	0.742	<b>0.898</b>	0.817	0.755
CSF8	0.724	<b>0.886</b>	0.795	0.734
CMT1	0.737	0.809	<b>0.884</b>	0.753
CMT2	0.620	0.679	<b>0.799</b>	0.706
CMT3	0.756	0.766	<b>0.902</b>	0.754
CMT4	0.698	0.725	<b>0.873</b>	0.707
CMT5	0.755	0.737	<b>0.869</b>	0.731
CMT6	0.748	0.801	<b>0.876</b>	0.728
LYT1	0.573	0.548	0.581	<b>0.727</b>
LYT3	0.742	0.764	0.796	<b>0.851</b>
LYT4	0.667	0.695	0.708	<b>0.910</b>
LYT5	0.708	0.749	0.772	<b>0.914</b>
LYT6	0.640	0.669	0.700	<b>0.848</b>

Source: SmartPLS 4.0 Data Processing Results (2023)

Table 6 shows that the cross-loading value of each indicator against its latent variable has a higher correlation compared to other latent variables. These results confirm that all variables meet the requirements for discriminant validity testing.

**Reliability Testing**

After the convergent validity and discriminant validity testing, the next

stage is to conduct reliability testing. Composite Reliability and Cronbach's Alpha measure reliability testing. If all Composite Reliability values within the latent variable exceed 0.7 and Cronbach's Alpha is greater than 0.7, it can be concluded that 25 constructs exhibit good reliability. Therefore, the questionnaire used in this study is deemed reliable and consistent.

**Table 7. Composite Reliability and Cronbach's Alpha Test Results**

Variable	Cronbach's alpha	Composite reliability (rho_c)
<i>Trust</i>	0.906	0.926
<i>Customer Satisfaction</i>	0.929	0.943
<i>Commitment</i>	0.934	0.948
<i>Loyalty</i>	0.904	0.930

Source: SmartPLS 4.0 Data Processing Results (2023)

Based on Table 7 Composite Reliability is greater than 0.7 and Cronbach's Alpha is also greater than 0.7 in each variable. it can be affirmed that the values of each instrument are reliable.

**Evaluation of the Inner Model (Structural Model)**

Inner model *testing* is the development of models based on theories and concepts, to analyze the relationship between exogenous and endogenous variables specified in a conceptual framework (Ghozali and

Latan, 2016). The structural model test entails assessing NFI, the coefficient of determination (R<sup>2</sup>), Effect Size (f<sup>2</sup>), Predictive Relevance Value (Q<sup>2</sup>), and T-statistics for the hypothesis testing.

**Test Model Fit**

The results of the fit model test can be seen from NFI. Normed Fit Index (NFI) testing is utilized to determine the feasibility of the model that has been formed. If the value is between 0 and 1, the model is considered to meet the model eligibility requirements. (Hair Jr et al., 2017).

**Table 8. Fit / NFI Model Test Results**

Variable	Saturated Model Value	Estimated Model Value
SRMR	0,053	0,065
d_ULS	0,781	1,157

d_G	0,494	0,547
Chi-Square	802,331	842,038
NFI	0,869	0,862

Source: SmartPLS 4.0 Data Processing Results (2023)

Based on table 8, the SRMR value is 0.053 means smaller than 0.10 so, it meets the criteria of the fit model. additionally, it can also be seen from the NFI. The NFI value is less than 1, but the best value of NFI is between 0.9 to 1. For this study, the NFI reached 0.869 in the saturated model value and 0.862 in the estimated model value. Consequently, it can be concluded that the NFI value is

not good but still meets the feasibility requirements of the fit model and can proceed to the next stage.

#### **Multicholinerity Test / VIF**

An assumption in the analysis of the inner model partial least square is there is no multicollinearity problem. Where this test has provisions VIF value must be  $< 5$  (Sarstedt, 2017).

**Table 9. Multicholinerity / VIF Test Results**

<b>Code</b>	<b>VIF</b>
TRS 1	2,145
TRS 2	2,030
TRS 3	2,152
TRS 4	2,186
TRS 5	2,085
TRS 6	2,225
TRS 7	2,735
CSF2	1,780
CSF3	3,289
CSF4	2,435
CSF5	2,618
CSF6	4,007
<b>CSF7</b>	<b>6,756</b>
<b>CSF8</b>	<b>7,077</b>
CMT1	3,292
CMT2	2,253
CMT3	3,768
CMT4	3,517
CMT5	3,239
CMT6	3,113
LYT1	1,619
LYT3	2,395
LYT4	3,991
LYT5	4,176
LYT6	2,533

Source: SmartPLS 4.0 Data Processing Results (2023)

Based on the data in Table 9 of the multicollinearity / VIF test results, 2 indicators have values above 5, specifically, in CSF indicator 7, The VIF value is 6.756, and in CSF 8, the VIF value is 7.077. The indicators show multicollinearity in the variables of *customer satisfaction*.

**R Square (R2)**

*R Square* is a component of the *Inner* model evaluation, referred to as a structural model. It serves to describe the relationship between latent variables

based on substantive theory, assessing model quality criteria or *Goodness of fit*, and indicating the magnitude of the influence of exogenous latent variables on endogenous latent magnitudes. The R Square coefficient ranges from 0 to 1. According to Chin (1998) the criteria for the R Square value are 0.67 for strong, 0.33 for moderate, and 0.19 for weak. Hair et al (2011) state the R Square value criteria are 0.75 for strong, 0.50 for moderate, and 0.25 for weak.

**Table 10. R2 of Each Variable**

Variable	R-square	R-square adjusted
<i>Customer Satisfaction</i>	0.702	0.701
<i>Commitment</i>	0.690	0.689
<i>Loyalty</i>	0.743	0.740

Source: SmartPLS 4.0 Data Processing Results (2023)

Based on the obtained data results, the interpretation of R square is as follows:

1. In Table 10, R Square for Customer Satisfaction is 0.702, which means strong criteria
2. In Table 10, the R Square for Commitment is 0.690, indicating strong criteria
3. In Table 10, the R Square for Loyalty is 0.743, which has strong criteria

Therefore, it can be concluded that the variables of customer satisfaction,

commitment, and loyalty have a strong influence on *trust*.

**Effect Size (F2)**

The effect size (F2) value is used to assess the substantive impact of omitting an exogenous variable on the endogenous variable. F2 values of 0.02, 0.15, and 0.35 can be interpreted as small, medium, and large influences of latent variable predictors at the structural level according to Chin (1998) in Ghozali and Latan (2015).

**Table 11. Effect Size (F2) Values**

Variable	<i>Trust</i>	<i>Customer Satisfaction</i>	<i>Commitment</i>	<i>Loyalty</i>
<i>Trust</i>	-	2.356	2.221	0.037



<i>Customer Satisfaction</i>	-	-	0.042
<i>Commitment</i>	-	-	0.187
<i>Loyalty</i>	-	-	-

Source: SmartPLS 4.0 Data Processing Results (2023)

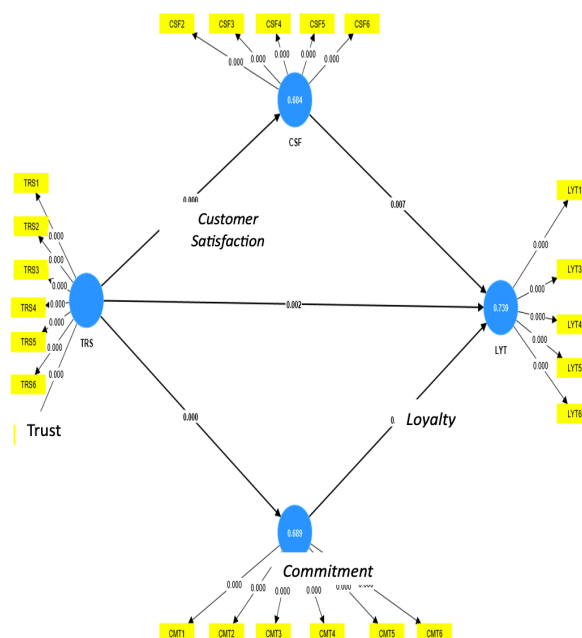
Based on Table 11, it is evident that trust has an effect size value of 2.356. indicating a significant influence on customer satisfaction. Furthermore, trust also demonstrates an effect size value of 2.221, signifying a large influence on commitment but a comparatively small influence on loyalty with an effect size is 0.037.

Customer Satisfaction, on the other hand, shows a small influence on loyalty, as indicated by its effect size value of 0.042. Meanwhile, commitment

has an effect size of 0.187, it has a medium influence on loyalty.

**Hypothesis Testing Results**

The subsequent step involves bootstrapping testing. This test is executed by looking at the results of the Path Coefficients test to observe the significance value through t-statistics and p-value. Thereby assessing the relationship between variables. The following are the results of bootstrapping testing using PLS.



**Figure 4. Model Bootstrapping**

Source: SmartPLS 4.0 (2023)

**Table 12. Hypothesis Testing of Direct Influence**

Hypothesis	Original Sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values	Information
Trust -> Loyalty	0.208	0.210	0.066	3.151	0.002	Accepted
Trust -> Customer Satisfaction	0.827	0.827	0.025	33.535	0.000	Accepted
Customer Satisfaction -> Loyalty	0.168	0.168	0.063	2.679	0.007	Accepted
Trust -> Commitment	0.830	0.831	0.026	31.871	0.000	Accepted
Commitment -> Loyalty	0.528	0.527	0.073	7.287	0.000	Accepted

Source: SmartPLS 4.0 (2023)

Based on Table 12, the result of the T-Statistics calculations indicates the relationship between constructs in the model. If the T Statistics is greater than 1.96, it is considered to have a direct and significant influence relationship. Table 12 is summarized as follows:

**1) Hypothesis 1**

The Trust variable on Loyalty has a t-statistic value of 3.151, which is > 1.96, and a p-value of 0.002 < 0.05, therefore, the first hypothesis is accepted, the Trust variable has a positive and significant effect on Loyalty.

**2) Hypothesis 2**

The Trust variable on Customer Satisfaction has a t-statistic value of 33.535 > 1.96, with a p-value of 0.000 < 0.05. The second hypothesis is accepted. The Trust variable has a positive and significant effect on Customer Satisfaction.

**3) Hypothesis 3**

The variable Customer Satisfaction on Loyalty has a t-statistic value of 2.679 > 1.96 and, a p-value of 0.007 < 0.05. The third hypothesis is accepted, signifying that Customer Satisfaction has a positive and significant effect on Loyalty.

**4) Hypothesis 4**

The Trust variable on Commitment has a t-statistic value of 31.871 > 1.96, with a p-value of 0.000 < 0.05. The fourth hypothesis is accepted, indicating that the Trust variable has a positive and significant effect on Commitment.

**5) Hypothesis 5**

The Commitment variable to Loyalty has a t-statistic value of 7.287 > 1.96 and, a p-value of 0.000 < 0.05. The fifth hypothesis is accepted, that

Commitment has a positive and significant effect on Loyalty.

In Table 12, the Standard deviation (STDEV), values range from the lowest at 0,025 for the relationship between trust to Customer Satisfaction. The highest at

0.073 for the relationship between Commitment to Loyalty. Regarding the analysis of the mediation influence, details can be observed in the table below.

**Table 13. Testing the Indirect Influence Hypothesis**

Hypothesis	Original Sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values	Information
Trust -> Customer Satisfaction						
Loyalty	0.439	0.438	0.062	7.121	0.000	Accepted
Trust -> Commitment						
Loyalty	0.139	0.139	0.053	2.647	0.008	Accepted

Source: SmartPLS 4.0 (2023)

Based on Table 13, the hypothesis test of indirect influence can be summarized as follows:

#### 6) Hypothesis 6

The mediation variable, Customer Satisfaction, has a t-statistic value of 7.121 which is  $> 1.96$ , and a p-value of  $0.000 < 0.05$ , therefore, the sixth hypothesis is accepted. Indicating, that the Customer Satisfaction variable has a positive and significant effect on mediating Trust on Loyalty.

#### 7) Hypothesis 7

The mediation variable, Commitment, has a t-statistic value of 2.647, which is  $> 1.96$ , with a p-value  $0.000 < 0.05$ . The seventh hypothesis

is accepted, commitment has a positive and significant effect on mediating Trust on Loyalty.

### CONCLUSION

The results of this study involved responses from 297 parents at SMA Strada St. Thomas Aquino and SMK Strada Daan Mogot Tangerang, with the Structural Equation Modeling method for data analysis.

In conclusion, the research conducted at SMA and SMK Strada Tangerang yields significant findings regarding the relationship between trust, loyalty, customer satisfaction, and commitment. The conclusions from each hypothesis are as follows:

1. **Trust and Loyalty (H1):** The study confirms that trust has a positive and significant influence on loyalty at SMA and SMK Strada Tangerang. Respondents perceive the Strada Association as a trustworthy educational institution, incorporating character values and producing graduates with good prospects. This trust fosters loyalty, evident in the decision to enroll children back into the Strada Association.
2. **Trust and Customer Satisfaction (H2):** The results demonstrate a positive and significant influence of trust on customer satisfaction at SMA and SMK Strada Tangerang. Respondents appreciate the fee management and prompt responses from the institution, contributing to their overall satisfaction.
3. **Customer Satisfaction and Loyalty (H3):** The study establishes a positive and significant relationship between customer satisfaction and loyalty at SMA and SMK Strada Tangerang. Respondents' satisfaction is influenced by the convenience of services and the friendly demeanor of personnel, contributing to their loyalty.
4. **Trust and Commitment (H4):** Trust is found to have a positive and significant impact on commitment at SMA and SMK Strada Tangerang. Respondents express confidence in Strada Association's competence, contributing to their commitment to the institution.
5. **Commitment and Loyalty (H5):** The study reveals a positive and significant influence of commitment on loyalty. Respondents demonstrate loyalty by expressing their intent not to switch to another school, showcasing a strong commitment to the Strada Association.
6. **Trust, Loyalty, and Customer Satisfaction (H6):** The study confirms a positive and significant relationship between trust and loyalty, mediated by customer satisfaction. This implies that trust not only directly influences loyalty but also indirectly through the mediating variable of customer satisfaction.
7. **Trust, Loyalty, and Commitment (H7):** The research indicate a positive and significant relationship between trust and loyalty, mediated by commitment. In addition, trust directly impacts loyalty, it also influences loyalty indirectly through the mediating variable of commitment. Respondents' commitment is reflected in their willingness to register family members and recommend Strada Association to others.

In summary, This research underlines the importance of trust, customer satisfaction, and commitment in shaping loyalty at SMA and SMK Strada Tangerang, offering valuable insights for educational institutions aiming to enhance parents' loyalty and satisfaction.

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