

## The Influence of Customer Relationship Management and Switching Barrier on Customer Loyalty

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### Abstract

PT. Permodalan Nasional Madani (PNM) is an institution that distributes funds to the community in the form of business capital to help the community's economy. The purpose of this study is to see the influence of Customer Relationship Management and Switching Barriers to Loyalty at PT. Permodalan Nasional Madani (PNM) The method used in this study is a quantitative method. Data collection in this study was through a questionnaire distributed to 60 respondents. The method used in this study is non-probability sampling. The results of the study show that the variables: a). *Customer Relationship Management* Has a positive and significant influence on Loyalty with value count is 3.415 with a significant level (Sig. 0.000.) b). *Switching Barrier* has a negative and significant effect on loyalty with a t-value of (-2.048) and a sig. value of 0.045. c). *Customer Relationship Management Variables and Variables Switching Barriers* The F test value is 54.683 and the significance value is 0.000. Simultaneously, there is an influence of the Customer Relationship Management variable And *Switching Barriers* on Customer Loyalty. Contribution of Customer Relationship Management variables and *Switching Barriers* as big as 0.657, on the Customer Loyalty variable or 65.7% and the remaining 34.3 is influenced by other variables. From the results it is suggested PT. Madani National Capital need to increase customer loyalty by maintaining long-term relationships, intense interaction with customers maintaining and relational benefits, as well as the availability and attractiveness of alternatives to PT. PNM.

**Keywords:** customer relationship management; switching barrier; loyalty

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### Introduction

One way the government overcomes poverty is by improving the economy through the existence of Micro, Small and Medium Enterprises (MSMEs). With the existence of MSMEs that are engaged in both businesses carried out by individuals, groups of small business entities or households, MSMEs can increase the amount of income of a family, so that they do not depend on just one source of income or for housewives who depend on their husband's income alone. The presence of MSMEs can overcome poverty and unemployment and can increase economic growth

by encouraging increased welfare of the population (Dewi Ernita 2013), so poverty alleviation is a top priority for national development.

The existence of Micro, Small and Medium Enterprises in Indonesia is very important for the government, one of the government's goals is to overcome poverty and improve the community's economy. Improving the welfare of Micro, Small and Medium Enterprises (MSMEs) managed by the community is contained in the 1945 Law that the government is trying to encourage more people to start opening businesses with businesses that they themselves create. According to the latest data from

the Ministry of Cooperatives and SMEs, the number of MSMEs in Indonesia in 2024 will reach more than 65 million units. These MSMEs are spread across various sectors, including culinary, fashion, handicrafts, and digital technology. MSMEs.

MSMEs are in a trend that is favored by business actors with an increasing number every year, but in this positive growth there are several obstacles faced by MSMEs with several problems including: Lack of Business Capital, weaknesses in seizing market opportunities and limited human resources. The three main problems that are most prominent are the lack of business capital, the role of the government in encouraging the empowerment of Micro, Small and Medium Enterprises (MSMEs) in Indonesia, there is a commitment from the Company that has a partnership program in distributing funds for MSME actors who need capital to establish a business or develop business capital. One form of partnership program carried out is the distribution of partnership funds, namely with the National Civil Capital (PNM) program.

Capital is indeed the main problem in a business, but to make a business grow, business actors must be able to prepare quality products and excellent service to keep consumers loyal. Creating loyal customers is important for a company, because the cost of attracting new customers is greater than the cost of retaining existing customers. According to Hasan (2017) that customer loyalty is a customer who only does not repurchase a product and service, for example by recommending others to buy. One of the causes of consumer loyalty to a product is the strength of the product itself.

The good level of consumer loyalty to the company occurs when the management is able to maintain good relationships with customers. The strategy in maintaining relationships with customers is often referred to as Customer Relationship Management (CRM). In the marketing strategy to maintain customer loyalty, namely by implementing Customer Relationship

Management (CRM) in order to build good relationships with the consumers they have. Gomez et al. (2019:2) CRM as an integration of processes, human capital and technology seeks the best understanding of the company's customer place and focuses primarily on customer retention and relationship management, CRM is the latest integration approach available for relationship management.

Building consumer loyalty, it is possible that consumers will find it difficult to switch to other products, so companies can easily implement Switching Barriers ((switching barrier) Supriadi (2015:61), switching barrier refers to the level of difficulty in switching to another service provider when customers are dissatisfied with the services received. Switching barrier is a step that can be used by companies to retain their customers and maintain customer loyalty.

PT. Permodalan Nasional Madani (PNM) is an institution that distributes funds to the community in the form of business capital to help the community's economy in general. The level of existence of PT. Permodalan Nasional Madani (PNM) is very dependent on the trust of the community itself, so that the higher the level of public trust, the more it helps in distributing capital to the community for the progress of MSMEs, because MSMEs are also one of the potentials owned by the region.

PT. Permodalan Nasional Madani or abbreviated as PNM is an Indonesian State-Owned Enterprise engaged in financial services. This company was founded on June 1, 1999 and aims to help develop micro, small, medium enterprises and cooperatives. PT. Permodalan Nasional Madani oversees (PNM) Mekaar can help the community in capital for small businesses with a 50-week installment payment system with the aim of making it easier for customers to pay off loans. Venture capital. In capital loans, customers are also charged interest of 5% for each loan.

Based on a survey conducted in the Aua Kuning sub-district of Pasaman t on several PT PNM customers, the results of the survey on PT

PNM customers are very loyal to PT PNM with evidence of re-borrowing after the previous loan was paid off, recommending to family, neighbors and others to borrow money as capital or business development at PT PNM. Over time, several problems have arisen for customers and PT PNM:

1. Money is borrowed not for business but is used to buy consumer goods
2. Inability to pay installments
3. Loan without husband's permission
4. Fear of the collector and run away.

The impact of the above points then arises a new problem of husband and wife quarrels, customers run away to avoid being chased by collection officers and even some sell, pawn motorbikes, cell phones to pay bills. However, customers of PT. Permodalan Nasional Madani (PNM) remain loyal to the company, because of the reasons of need and easy requirements.

## **Theoretical basis**

### **Loyalty**

Loyalty is a deep customer commitment to re-subscribe or make repeat purchases of selected products/services consistently in the future, even though the influence of situations and marketing efforts have the potential to cause customers to switch (Kotler & Keller, 2014:138). From this theory, it can be concluded that Loyalty is a form of consumer/customer loyalty to continue using a product or service even though there is an influence or that influences consumers to switch to other products or services (Hasan, 2014) states that customer loyalty is those who buy regularly and repeatedly, they continuously and repeatedly come to the same place to satisfy their desires by having a product or getting a service and paying for the product. The theory above can be interpreted as the meaning of loyalty is where customers buy products/services regularly.

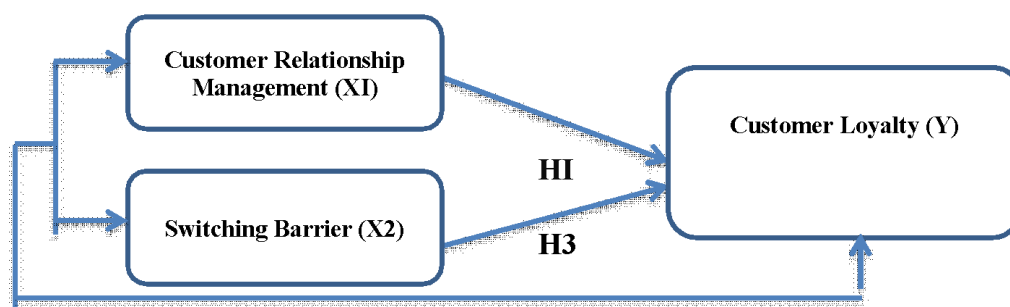
### **Customer Relationship Management (CRM)**

Kotler and Keller (2016:148), CRM is a process of managing detailed information about customers and all customer starting points with the company to maximize customer loyalty. The above definition can be interpreted in the form of relationship management to manage information well between customers and companies in maintaining customer loyalty. CRM, Widjaja Tunggal Amin (2006) is an economic motive, namely so that companies are able to manage consumer baselines to identify, satisfy and successfully retain their most profitable consumers and consumers become loyal to the product.

### **Switching Barrier**

Dick and Basu (1994) Lupiyoadi and A. Hamdani (20013:237), switching barriers are caused by switching costs, the attractiveness of existing alternatives and interpersonal relationships. Switching costs are costs incurred when moving to another service provider, including time, money and psychological costs. According to Budi Suharjo in Purporini (2015), one of the substances in measuring consumer loyalty is the switching barrier. According to Triton PB in Hartatik and Lie Othman, it is the company's effort to create conditions of reluctance for consumers to change suppliers. Suppliers in this sense can be shops, vendors, outlets, and so on. According to Supriadi (2015:61), switching barriers refer to the level of difficulty in switching to another service provider when customers are dissatisfied with the services received. Switching barriers can be in the form of financial, social and psychological constraints felt by a customer when switching to a new service provider, therefore, the higher the switching barrier, the more customers are forced to stick to the product they are currently using.

### Conceptual Framework



### Research Hypothesis

A hypothesis is a temporary answer to the formulation of a research problem. The answer given is only based on relevant theory and is not yet based on facts. Based on the theoretical basis and problem formulation above, the following hypothesis can be put forward:

**H1: Customer Relationship Management** has a positive and significant effect on loyalty Customers at PT.National Civil Capital (PNM)

**H2: Switching Barrier** has a positive and significant effect on customer loyalty at PT. Permodalan Nasional Madani(PNM).

**H3 : Customer Relationship Management And Switching Barrier** has a positive and significant effect on customer loyalty at PT. Permodalan Nasional Madani (PNM)

### Research Methods

The type of research is quantitative, looking at the influence of independent variables on dependent variables. The quantitative approach is used to look at a particular population or sample using research instruments, statistical data analysis with the aim of testing the hypothesis that has been set by Sugiyono (2014). This research was conducted on customers of PT. Permodalan Nasional Madani (PNM) who borrowed more than once because it measures the level of loyalty of customers of PT. Permodalan Nasional Madani (PNM). This research is included in the type of causal associative research (Causal Asosiatif Research) research that aims to determine the relationship of influence or no influence between

two or more variables (Sugiyono, 2016).

### Population and Sample

The population used is all customers of PT. Permodalan Nasional Madani (PNM) whose number is unknown. Therefore, the determination of the number of samples in this study will use the approach from Malhotra (2009). The number of samples taken can be determined by multiplying the number of statements by 5, or 5 x the number of statements. The sample size analysis is determined by multiplying the number of indicators by 5 or 5 x the number of variables, so the number of samples in this study is 60 people. For sampling using Accidental Sampling. According to Sugiono (2016) Accidental Sampling is a sampling technique based on chance, namely any customer who happens to meet the researcher can be used as a sample, if the person met is considered suitable as a data source.

### Data Source

1. Primary Data Source: obtained and collected directly from research objects or the field, obtained based on careful observation and recording by distributing questionnaires to customers of PT. Permodalan Nasional Madani (Sugiyono 2016).
2. Secondary Data Sources Secondary data sources are obtained based on literature, documentation and articles that are relevant to this research. These data sources are complementary and function as a complement to the data required for primary data (Sugiyono, 2016).

## Results And Discussion

### Validity and Reliability Test

Validity testing looks at the accuracy of an instrument, whether the instrument that has been prepared is valid, while reliability testing shows the

extent to which measurement results remain consistent when carried out twice or more on the same symptoms. Based on the results of processing the Validity and Reliability test data, it is shown in the table below.

Table 1. Validity and Reliability Test

Variables	Amount Item	No Valid	Valid	Cronbach's Alpha	Information
Loyalty (Y)	8	-	8	0.847	Reliable
Customer Relationship Management (X1)	8	-	8	0.892	Reliable
Switching Barrier (X2)	6	-	6	0.849	Reliable

Source: Processed Data from SPSS Version 16.

### Validity Test

Based on the table above, it can be seen that for the Validity Test, all measurement instruments for the Loyalty Variable (Y) have eight (8) statement items and all are valid, with corrected item-total correlation values ranging between 0.321 - 0.816. Variable *Customer Relationship Management (X1)* There are eight (8) statement items and all are valid, with the corrected item-total correlation value ranging between 0.525 - 0.804 while the variable *Switching Barrier (X2)* six (6) statement items and all are valid, with corrected item-total correlation values ranging between 0.497 - 0.774. Each statement in the variable is declared valid because it has a corrected item-total correlation value  $> 0.30$  (Malhotra, 2009). It can be concluded that the variable is worthy of being studied and all statement items can be used for further testing.

### Reliability Test

According to Sugiyono (2012) who stated that Reliability is a series of measurements or a series of measuring instruments that have consistency when the measurements carried out with the measuring instrument are carried out repeatedly. For the Reliability Test, each Variable with Reliable results can be seen because it has a Value. Cronbach's Alpha  $> 0.70$ . (Sekaran, 2009). From the presentation of the table above, all research variables are declared reliable, where the results of the calculation of the reliability test for each variable show Cronbach's Alpha greater than 0.70. This means that all variables can be used for further data processing.

### Classical Assumption Test

1. **Normality Test** Ghozali (2017) the purpose of the normality test is to find out whether each variable is normally distributed or not. The results of the normality calculation using SPSS Version 16.0 can be seen in the following table:

Table 2. Normality Test Results

No	Variables	Asymp.Sig	Alpha	Information
1	Customer Loyalty (Y)	0.751	0.05	Normal
2	Customer Relationship Management (X1)	0.370	0.05	Normal
3	Switching Barrier (X2)	0.060	0.05	Normal

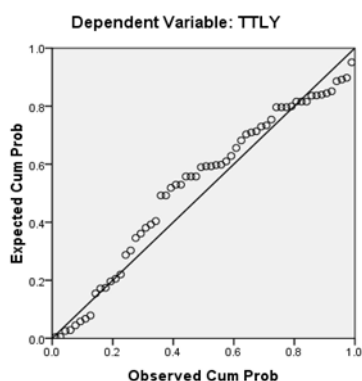
Source: Processed Data from SPSS Version 16.0

From the table above, it can be seen that the Asymp. Sig value for Customer Loyalty (Y) is 0.751, Customer Relationship Management (X1) shows a figure of 0.370 and *Switching Barrier*(X2) shows the number 0.060. And all variables have a significance value  $>0.05$ , thus the regression model in this study is normally distributed.

## 2. Linearity Test

Linearity test is used to find out whether the two variables to be analyzed statistically have a linear relationship (Priyatno 2010). Testing was carried out with the help of the SPSS Version 16.0 program.

Normal P-P Plot of Regression Standardized Residual

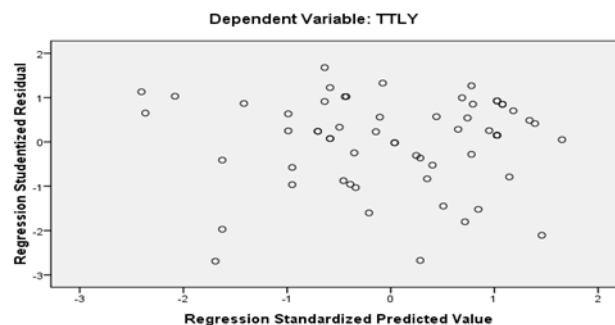


Based on the Scatter Plot Graph above, it can be seen that the plot points form a straight line pattern from the bottom left to the top right. This indicates a linear and positive relationship between the variable (X) and the variable (Y).

## 3. Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is inequality in the variance of the residuals from one observation to another. Testing in this study uses a Plot Graph between the predicted value of the dependent variable, namely ZPRED, and its residual SRESID. From the image above, it can be seen that the points are spread above and below the number 0 on the Y axis. This means that the regression model in this study does not experience heteroscedasticity. (Imam Ghozali, 2016).

Scatterplot



## 4. Multicollinearity Test

Multicollinearity is one of the tests of the classical assumption test which is a test conducted to identify whether a regression model can be said to be good or not. The multicollinearity test aims to test whether the regression model finds a correlation between independent variables. A good regression model should not have a correlation between independent variables (no multicollinearity).

Table 3. Multicollinearity Test Results.

Independent Variable	Tolerance	VIF	Information
Customer Relationship Management (X1)	0.958	1,044	There is no multicollinearity
Switching Barrier (X2)	0.958	1,044	There is no multicollinearity

Source: SPSS Processing Results Data Version (16.0)

From the table above, it can be concluded that all variables have passed the Multicollinearity Test

with the following explanation:

1. Variable XI (Customer Relationship

Management) does not experience multicollinearity because its Tolerance Value (0.958) > 0.10 while the VIF Value (1.044) is less than 10.00.

2. Variable X2 (Switching Barrier) does not experience multicollinearity because its Tolerance Value (0.958) > 0.10 while its VIF value (1.044) is less than 10.00. So the independent variables in this study are Customer Relationship Management (CRM) and Switching Barrier. Thus, among the independent variables, it is stated that they are free from multicollinearity symptoms.

**Multiple Linear Regression Analysis.**

The purpose of using multiple linear analysis in this study is to determine the influence *Customer Relationship Management (X1), Switching Barrier (X2)* on Customer Loyalty at PT. Permodalan Nasional Madani (PNM) in Pasaman District. The results of multiple linear regression analysis processed using the SPSS program can be seen in the following table.

Table 4. Summary of Multiple Linear Regression Analysis Results

Independent Variables	Coefficient	t count	Sig	Information
Constants	3.415	2230	0.030	-
<i>Customer Relationship Management (X1)</i>	0.085	10,457	0.000	Significant
<i>Switching Barrier (X2)</i>	0.092	-2,048	0.045	Significant

Coefficient of Determination (R<sup>2</sup>): 0.657  
 F: 54,683  
 Significance F: 0.000

Source: SPSS Data Processing Results Version 16.0.

Based on the results of the multiple linear regression analysis above, a multiple linear regression equation was obtained.  $Y = 3.415 + 0.085X1 + 0.092X2 + e$ .

1. The constant value of 3.415 means that if the variable *Customer Relationship Management (CRM)* and the *Switching Barrier* variable is equal to zero (0), then the Customer Loyalty variable has a value of 3.415 units.
2. The value of the regression coefficient of the variable *Customer Relationship Management (CRM)* 0.085 means that this coefficient has a positive value. The increase *Customer Relationship Management (CRM)* by one unit then Customer Loyalty (Y) will increase by 0.085.
3. The value of the regression coefficient of the variable *Switching Barrier* 0.092 means that this coefficient is positive. An increase in

*Switching Barrier* by one unit will increase Customer Loyalty (Y) by 0.092.

Based on the multilevel regression test summarized in the table above, it can be seen that:

- a) Variables *Customer Relationship Management* has a positive and significant effect on loyalty (Y) with a calculated t value of 10.457 with a significance level of 0.000.
- b) Variables *Switching Barriers* has a negative and significant effect with a t-value of (-2.048) and a significance level of 0.045.
- c) *Customer Relationship Management Variables* and *Switching Barriers Variables* The F test value is 54.683 and the significance value is 0.000. Simultaneously, there is an influence of the *Customer Relationship Management* variable And

*Switching Barriers* towards Customer Loyalty..

The results of this study show that *Customer Relationship Management* has a positive and significant influence on Loyalty, meaning that the better the implementation and management of Customer Relationship Management at PT.National Civil Capital (PNM) will have a positive effect on customer loyalty. The findings of this study support the theory Munandar (2016) quoted the second way to build loyalty is to develop loyalty programs such as Customer Relationship Management. And the results of this study are in line with research conducted by Kartika Imasari et al (2011). For this reason, PT. Permodalan Nasional Madani (PNM) can improve good relations with customers by making customers feel comfortable and cared for, understanding customer needs and providing good service.

Research results from variable *Switching Barriers* where the results obtained had a negative and significant effect on loyalty, which means *Switching Barrier* has no effect on loyalty. The results of this study are reinforced by the findings of Bamatraf and Yomen (2020), who found that *Switching Barriers* have no effect on customer loyalty. In addition, according to Murdayah et al. (2021), *Switching Barriers* can also be an obstacle because of the higher costs that consumers must bear if they want to switch from one brand to another.

Research result *Customer Relationship Management* and *Switching Barriers* These two independent variables have a significant influence on loyalty, so these two independent variables must be of concern and considered important by a company, especially companies engaged in the service sector such as financial institutions.

### **The Coefficient of Determination**

The coefficient of determination is calculated by squaring the Correlation Coefficient (R). Using R Square (R<sup>2</sup>) often causes problems, namely that the value will always be increased with the addition of independent

variables in a model. Adjusted R Square of the independent variable is 0.657. This means that the ability of the independent variable *Customer Relationship Management* and *Switching Barrier* in explaining the variance of the Customer Loyalty variable is 65.7%. This means that there is 34.3% of the variance of the Customer Loyalty variable explained by other variables including Customer Quality, Brand Image and Service Quality.

### **Conclusion and Suggestions**

#### **Conclusion**

1. The results of the Customer Loyalty TCR have an average score of 4.24 with a respondent achievement level of 84.8% (good), the Customer Relationship Management variable obtained an average score of 4.36 with a respondent achievement level of 87.35% (good) and the variable obtained an average score of 4.26 with a respondent achievement level of 85.36% (good).
2. From the research results it can be seen that the variables *Customer Relationship Management* has a positive influence on customer loyalty based on the results of the t-test calculation, wherewith a t count of 10,457 and a significant value of 0.000 (<0.05). Therefore, the first hypothesis is accepted.
3. There is a significant influence between the variables *Switching Barriers* On Customer Loyalty at PT. Permodalan Nasional Madani (PNM) in Pasaman District with a t count of 2.048 and a significant value of 0.045 (<0.05). Therefore, the second hypothesis is rejected.
4. There is a significant influence on the Customer Relationship Management and variables *Switching Barriers* simultaneously on the Customer Loyalty variable, this can be interpreted that the third hypothesis is accepted.
5. For academics, it is hoped that subsequent researchers who will research Customer Loyalty will increase the variety of independent variables used.



## Suggestion

To build customer loyalty, PT. National Capital Madani (PNM) need to increase customer satisfaction, by maintaining long-term relationships, conducting intense interactions with customers, PT. Permodalan Nasional Madani (PNM) needs to have control and evaluation of customers when making loans, there must be a commitment between PNM and customers so that customers continue to pay their installments. And it needs motivation and evaluation for customers that the loan money is really used for business development so that it can bring about better economic changes for customers.

*Switching Barriers* are all factors that make it difficult for customers or give additional costs to customers if they switch to other service providers. The higher the switching barrier, the less likely customers are to switch products or services to other service providers. According to the results of this study, switching barriers have a negative and significant effect on loyalty. Negative influence means the best comparison, which means that the higher the switching barrier, the less likely customers are to switch to other products or services. For this reason, the PT. Permodalan Nasional Madani (PNM) maintains and transparent relational benefits as well as the availability and attractiveness of alternatives that can be provided by PT. PNM.

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