**THE TITLE SHOULD BE WRITTEN IN BOLD CAPITAL LETTERS, WITH A LETTER SIZE OF 14 PT, SINGLE SPACED AND CENTERED**

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**Abstract**

Abstract is written 10 pt, bold, center. The abstract content should be written in one paragraph, single spaced, in Times New Roman letter and past tense. The length of the abstract should not exceed 120 words and accompanied by three to five keywords. Keywords title should be written bold. The keywords are written in regular letters with a capital at the beginning of the first keyword and ended with a period, not bold. Contains a substantial summary of the problem and purpose of the study, the sub­ject of the study, the research method applied in the study (da­ta collecting and data analysis), the results and impli­cations of the study. Abstract should be followed by keywords which show the basic concept of the study.

**Keywords:** Keywords, keywords, keywords, keywords, keywords.

**Introduction**

Contains the background of the study, formu­la­tion of problem, purpose of the study, theoretical frame­­work which forms the base of the study, and re­sults of latest empirical studies. Results of quanti­ta­tive stu­dies should be accompanied by hypotheses of the study. Writing the Sub-title:Sub-title (level 1) is writ­ten uprightly in bold letters, with a capital letter at the be­gin­ning of each word, and centered. Sub-sub-title (le­vel 2) is written in bold italics, with a capital letter at the beginning of each word, and centered. Sub-sub-sub-title (level 3) is written in bold italics, with a capital letter at the beginning of each word, and left aligned. (Zakuan, Yusof, Laosi­ri­hongthong, & Shaharoun, 2010). Sub-sub-sub-sub-title (level 4) is written in re­gu­lar italics, with a capital letter at the beginning of pa­ra­graph and ended with a period (Psomas & Jaca, 2016). Conjunctive and prepo­sition in each level is not written in capital letters (Petnji, Ma­rimon, & Casade­sus, 2011).

State Owned Enterprise (SOE) banks as a global business also faced many challenges to achieve better performance. SOE banks in Indo­nesia have to com­pete with foreign banks. SOE banks such as Mandiri, BTN, BNI, and BRI should operate more efficiently than fo­reign banks and provide world-class services in order to win the competition. In fact, they are not as efficient as Thailand and Philippines Banks (Mo­ngid & Mua­zaroh, 2017). In addition, the service quality should be improved. Hence, in order to improve their efficiency, it is important for SOE to improve their TQM, their service quality and other business per­formance. This competition is predicted to be even higher in 2020 where the Asean financial sector inte­gration will be carried out.

Write name, institutions, email address of the authors on separate file. Email it to the editor: redaksi.jmk@petra.ac.id. Please follow this structure: The Author’s Name Academic Degree1, Last Name Must Not Be Abbreviated, Bold, 11 Pt 2\* 1The author’s identity should be accompanied with instution’s name and institution’s address (city, zip code, country), and email address, not bold, 10 pt 2If there are more than one authors, the identity of the other author(s) should be written com­pletely; Email: 1adgajykh@gmail.com; 2 tuuoott@gmail.com; \*Corresponding author

TQM consists of five important dimensions such as such as customer focus, management in­volvement, continuous improvement, organi­za­tional context defi­ni­tion, and continuous im­prove­ment (Psomas & Jaca, 2016). In practice, to improve the banking service TQM, company should consider these dimension.

Presenting quotation source Three to five authors

The first mention is accompanied by all the authors’ last names, the following mentions is only accom­panied by the first author’s last name followed by et al., for example: - First mention: Hapsari, Clemes, and Dean (2017) stated that .......... - Following mentions: Hapsari *et al*. (2017) proposed that .......... Quotation source of more than one authors uses “and”, and uses the symbol “&” when pre­sented in brackets, table, picture, and the list of references.

***Total Quality Management (TQM)***

Total Quality Management (TQM) is a way to continuously improve performance at each level of the process, in each functional area of ​​an organization, by using all available human and capital resources. By implementing TQM, bank enable identifies customer requirements, im­prove process to deliver services, and reduce error in services (Baidoun, Salem, & Omran, 2018).

Pre­viously studies repor­ted the benefits of TQM im­plementation such as in­creasing the efficiency and productivity, market share, employees’ mo­rale, qua­li­ty, employee perfor­mance and compe­titive advantage (Sadikoglu & Zehir, 2010; Zairi, 2013; Weckenmann, Akkasoglu, & Wer­ner, 2015; Rad, 2005).

The aim of TQM is to improve service qua­lity in the hope of fulfilling and satisfying the needs and de­sires of the target customers. Pso­mas and Jaca (2016) state TQM components for the advancement of ser­vice quality include: total em­ployee involvement, con­ti­nu­ous improve­ment, ongoing training, team­work, em­po­werment, co­m­mitment and support from top ma­nage­ment, democratic management style, cus­tomer satis­faction focus and quality culture. After reviewing the description above, this study focuses on three dimen­sions of TQM are the quality of human re­sources, cus­tomer focus, and employee know­ledge. Three of di­men­sions will be described in the follow­ing expla­na­tion:

***Human Resources (HR) Development Quality***

TQM implementation is highly influenced by top leaders’ commitment toward human re­source (HR) de­velopment. (Talib, Rahman, & [Qureshi](https://www.emeraldinsight.com/author/Qureshi%2C%2BMN), 2013). Pre­sen­ting quotation source two authors: Accom­panied by last names of the two authors, followed by year of pu­blication, for example: Psomas and Jaca (2016) proved that .......... The formation of human resources .......... (Psomas & Jaca, 2016). The com­pany can deve­lop HR through various programs which enable employees to fulfill their job spe­cifications, including on the job trai­ning (OJT), skills training, and career development. Emplo­yee develop­ment is also influenced by the com­mitment of each employee to develop (Lau & Tang, 2009). The quality of HR development is a measured based on the competency development program or HR training and employees’ commit­ment to develop com­pe­­ten­cies (Psomas & Jaca, 2016).

***Customer Focus***

In TQM, customer focus is an essential part of company to improve their service quality. Customers focus consists of internal and external customers who will determine the direction of the company's quality. Internal customers are the company or employees who are responsible for customers, whereas external parties are cus­to­mers who determine the direction of the com­pany's quality. The customer focus can be mea­sured based on several indicators (Psomas & Jaca, 2016). These indicators are ease of cus­tomer com­plaint, con­sumer evaluation, and con­sumer treat­ment.

***Employees Knowledges***

Employee knowledge is important toward cus­tomer service. Employee who has good or enough knowledge could explain and solve cus­tomer pro­blem. This knowledge is practiced when the emplo­yee in­forms, handle complaints, and give other ser­vices to the customers (Psomas & Jaca, 2016).

***Service Quality***

In banking industry, service quality has stra­tegic role for gaining competitive advantage. It’s difficult to differentiate product in banking in­dus­try, so service qua­lity become one of the attribute to distinguish bank from another bank. According to Khorshidi¸ Naghash, and Moham­madian (2014) high quality of services en­able bank achieving competitive advantage.

There are many definitions and concept about service quality. Most of previously studies revealed that satisfaction is the result of a process of com­parison between customer’s expectations and percep­tions of per­formance (Shayestehfar & Yazdani, 2019). When cus­tomers perceive about many kinds of service attri­butes, it means that they evaluate about quality of ser­vices.

Zeithaml *et al*. (1988) in Lin (2012), iden­tifying SERVQUAL dimensions into five as­pects as follows:

* Tangibility: Physical facilities, equipment, and per­­­sonnel appearance.
* Reliability: Able to perform the promised ser­vice properly and accurately.
* Responsiveness: Willingness to help customers and provide prompt service.
* Assurance: Knowledge and politeness of em­plo­yees, as well as their ability to convey trust and confidence.
* Emphaty: Caring, individual attention given by ser­vice providers to their cus­to­mers.

SERVQUAL model is chosen to measure ser­vice quality because it could portrait service dimen­­sions and it could be measured based on the banking service customer perspective (Fauzi & Suryani, 2019).

Presenting quotation source single author: Ac­com­panied by author’s last name followed by year of publication. Example of quotation source for short direct quotation: Rahma­yanti (2010) stated that “......­……..........”. Example of quotation source for indirect quotation: A study on .......... (Rah­ma­yanti, 2010).

***TQM Implementation and Service Quality***

Based on the description above, the imple­men­tation of TQM on the company will improve the qua­lity of service to customers (Calvo-Mora, Picón, Ruiz, & Cauzo, 2014). TQM imple­men­tation could affect quality service improvement (Psomas & Jaca, 2016). Presenting quotation source six or more authors: Accompanied by first author’s last name followed by et al. and year of publication, for example: Angist et al.(2008) suggested that .......... Hence, based on The first hypothesis in this study is:

*H1*: Implementation of the TQM Dimension has po­sitive significantly effect on service quality in banking industry.

***Customer Engagement (CE)***

Customer engagement occurs on two parties who will be involved in a relationship with mar­keting are between consumers or companies. The occurrence of involvement between customers and companies is be­cause there are dynamic re­lationships and emotio­nal attachments in the transaction process. So *et al*. (2012) in Hapsari *et al*. (2017) identify five dimen­sions of customer engagement:

1. The level of a consumer’s perception or sense of belonging to the brand (identification);

2. Levels of attention that focus and connect with the brand (attention);

3. Level of passion and interest in brand (enthu­siasm);

4. Pleasant conditions where the customer ani­mates with a positive response when playing the role of the customer brand (absorption);

5. Various levels of participation that customers have with brands (interaction).

Presenting Indirect quotation: Indirect quotation is written inside the sentence without quotation marks and accompanied by source of the quotation which in­cludes author’s last name and year (So, King, Sparks, & Wang, 2016). CE represents a per­son's psy­cho­­lo­gical state, characterized by a certain level of intensity that plays a central role in the process of customer involvement. Apart from that it is an impact in the CE process. Thus, CE is defined as a multidi­mensional con­cept consisting of cog­ni­tive, emotional, and beha­vioral dimensions (Bro­die *et al*., 2011 in Fernandes & Esteves, 2016). According to Hapsari *et al*. (2017), Dhasan, Su­wanna, and Theingi (2017), customer en­gage­ment is measured based on two indicators: (1) a sense of pride in the company, (2) Feel com­fortable with the company.

***Customer Loyalty***

Customer loyalty is a deeply held com­mit­ment to repurchase or rebuy preferred products or services consistently in the future. (Ribbink, van Riel, Liljan­der, & Streukens, 2004). Loyal customer will most likely buy rather than a nor­mal customer. Griffin (2002) sta­ted that a consu­mer is said to be loyal or loyal if the consumer shows buying behavior regu­larly or there is a condition which requires consumers to buy at least twice in a certain time interval.

Kotler and Keller (2012) argue that, loyalty is a commitment held deeply to buy or support a product or service that is favored in the future even though the influence of the situation and marketing efforts has the potential to cause cus­tomers to switch. According to Hapsari *et al.* (2017), Dhasan *et al.* (2017), custo­mer loyalty is measured from consumer behavior such as: their willingness to recommend to others, their prefe­rences to the product and intensity to con­sume / buying products.

Customer loyalty is not only about attitude but al­so behavior (Suryani, 2013). So, in many research for measuring customer loyalty can be seen form atti­tude (affective, cognitive, and co­na­tive components) and behavior related with product or services.

***Service Quality on Customer Engagement (CE) and Customer Loyalty***

Presenting Direct quotation: Short direct quota­tion (< 40 words) is written inside the sentence, using quotation marks and accompanied by source of the quotation, which includes author’s last name, year, and number of page. Long direct quotation (> 40 words) is typed without quotation marks, single spaced, and in­dented 0.5 inch (1,3 cm or five spaces) from left mar­gin. Quotation should be accompanied by source of the quotation, which includes author’s last name, year, and no. of page.

The research results of Dhasan *et al*. (2017) which show that, from the functional side of ser­vice quality, it has a significant effect on cus­tomer enga­ge­ment (CE) in the offline context. Consumers will res­pond positively to services that are accepted by re­com­mending to others. Com­panies need to improve service quality to maintain and increase consumer loyalty. The po­sitive response that consumers will give when the quality received can be felt to meet the needs of con­sumers is to be loyal to the selected product. Kotler and Keller (2012) also argue that loyalty is a commitment held deeply to buy or support a product or service that is favored in the future even though the influence of the situation and marketing efforts have the potential to cause customers to switch.

Lin (2012), which states that multi - channel ser­vice quality as measured by SERVQUAL dimensions has a significant effect on consumer loyalty. These dimensions are tangibility, respon­siveness, and empa­thy. In accordance with the opinion of Zeithaml *et al*. (1988) in Lin (2012) Tangibility dimensions in the form of physical evidence, facilities, and personal ap­pea­rance. The responsiveness dimension is willing­ness to help customers and provide fast service, and the empathy dimension is how service providers pay at­tention to individuals by providing solutions to custo­mer complaints. In addition, the results of testing So *et al.* (2016), which states that service brand evaluation with indicators of service qua­lity, perceiv­ed value, and customer satisfaction, has a significant effect on brand loyalty but not as much as other variables. Then the second and third hypotheses of this study are:

*H2*: Service quality has a significant positive ef­fect on customer loyalty in banking industry.

*H3*: Service quality has a significant positive ef­fect on customer engagement in banking in­dustry.

***Customer Engagement (CE) and Customer Loyalty***

Presenting Picture/Diagram: Each picture is gi­ven a chronological number (Arabic numeral), title of the picture, and source if the picture is taken from other sources. Number and title of picture is written below the picture, written in one line, in bold letters and left aligned. Number of picture is ended with a period. Num­ber and title of picture is written with a capital letter at the beginning of the sentence. Picture source is written under the number and title of picture, left aligned. The letters in the picture is written in 10 pt. letters and single spaced.

Dhasan *et al*. (2017) in their research ex­plored the impact of customers online and their effect on custo­mer brand loyalty. The role of online experience has a greater influence on the positive influence of customer loyalty on the brand.

In addition, customers are willing to share their experience and quality of service with their family and friends and also with service pro­viders (Theingi *et al.,* 2016 in Dhasan *et al*., 2017). The company will strive to gain a com­petitive edge on the quality of service that given to customers, because customers with a positive mindset will have an impact on increasing positive WOM to relatives or other people. So *et al*. (2016), also states that customer engagement has a significant effect on brand loyalty. states that overall customer engage­ment factors have the greatest influence on loyalty when compared to other varia­bles. So the fourth hy­pothesis of this study is:

*H4*: Customer engagement has a significant posi­tive effect on customer loyalty in banking in­dustry.



**Figure 1. The conceptual research framework**

**Research Methods**

Contains the plan or design of the study which includes the subject of the study (population and sam­ple), the operational or conceptual definition, the me­thod and procedure of data collecting and data pro­cessing (Malhotra, 2010). Sample selected based on pur­po­sive sampling. They must be SOE bank cus­to­mers in Surabaya and Sidoarjo, and Gresik.

There are two steps required to gather data, which are:

1. Finding Bank customer which meet certain criteria, such as: customer of SOE bank who are actively using the banking service at least one every two weeks and live in Surabaya or Sidoarjo or Gresik.

2. Customer fill the questioners, including their pro­file and the questions regarding this study.

Purposive sampling technique where the sample is selected according to several criteria (Sugiyono, 2015) is used in this study. The crite­ria used in this stu­dy are people who have signed up as the bank customer for at least two years, and within one month the cus­tomer must interact minimum of two times within the bank. Accord­ing to the previous research conducted by Ghozali and Latan (2014), the sampling size is suffi­cient to repre­sent the population.

**Results and Discussion**

Contains the results of data processing and hypo­thetical tests (for quantitative study), analysis and dis­cussion of the results of the study. The discussion may include comparisons to empirical studies which have been performed previously (Ghozali & Latan, 2014).

**Table 1**

**Indicator Loadings and Latent Variable Coefficient**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Factor Loading | *P Value* | Cronbach's Alpha | Composite Reliability |
|
| HR1 | 0.892 | <0.001 | 0.913 | 0.935 |
| HR2 | 0.867 | <0.001 |
| HR3 | 0.817 | <0.001 |
| HR4 | 0.874 | <0.001 |
| HR5 | 0.854 | <0.001 |
| CF1 | 0.8 | <0.001 | 0.886 | 0.913 |
| CF2 | 0.82 | <0.001 |
| CF3 | 0.751 | <0.001 |
| CF4 | 0.815 | <0.001 |
| CF5 | 0.841 | <0.001 |
| CF6 | 0.758 | <0.001 |
| EK1 | 0.78 | <0.001 | 0.868 | 0.905 |
| EK2EK3 | 0.8330.738 | <0.001<0.001 |
| EK4 | 0.861 | <0.001 |
| EK5 | 0.833 | <0.001 |
| SQ1 | 0.755 | <0.001 | 0.917 | 0.932 |
| SQ2 | 0.741 | <0.001 |
| SQ3 | 0.762 | <0.001 |
| SQ4 | 0.78 | <0.001 |
| SQ5 | 0.788 | <0.001 |
| SQ6 | 0.825 | <0.001 |
| SQ7 | 0.827 | <0.001 |
| SQ8 | 0.818 | <0.001 |
| SQ9 | 0.685 | <0.001 |
| CE1 | 0.786 | <0.001 | 0.913 | 0.933 |
| CE2 | 0.847 | <0.001 |
| CE3 | 0.814 | <0.001 |
| CE4 | 0.867 | <0.001 |
| CE5 | 0.85 | <0.001 |
| CE6 | 0.847 | <0.001 |
| CL1 | 0.874 | <0.001 | 0.924 | 0.939 |
| CL2 | 0.783 | <0.001 |
| CL3 | 0.845 | <0.001 |
| CL4 | 0.801 | <0.001 |
| CL5 | 0.817 | <0.001 |
| CL6 | 0.849 | <0.001 |
| CL7 | 0.827 | <0.001 |

Presenting Tables: Each table is given a chronological number (Arabic numeral), title of the table, and source if the table is taken from other sources. Number and title of table is written above the table, in bold letters and left aligned. Number of table is written above title of table, with a capital letter at the beginning of each word. Table title is written under table number, with a capital letter at the beginning of each word. Column title is written in bold letters with a capital letter at the beginning of each word. Table source is written under the table, left aligned. Example: Source: World bank, 2016. Table is written in 10 pt. letters and single spaced. Table design: Table title and column title, column title and table content, table content and table source, are separated by horizontal lines (vertical lines are not necessary). Chronological numbers are not necessary inside the table (Abdillah & Jogiyanto, 2015).

**Table 2**

**Correlations Among Latent Variables and Errors**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | HR | CF | EK | SQ | CE | CL |
| AVE | 0.74 | 0.64 | 0.66 | 0.60 | 0.70 | 0.69 |

Descriptive analysis in Table 3 shows that all the variables which are TQM imple­menta­tion, Service Qua­lity, Customer engagement and Cus­tomer Loyal­ty have mean in high category. It means bank have implemented TQM in good conditions, they have high service quality. From SOE bank it’s a good asset for gaining advantage in facing competition with private bank and fi­nan­cial institutions who deliver the same ser­vi­ces.

**Table 3**

**Descriptive Analysis of Variables**

|  |  |  |
| --- | --- | --- |
| **Variables**  | **Mean**  | **Category** |
| TQM Implementation | 3.99 | High  |
| HR Development Quality (HR) | 4.05 | High |
|  Customer Focus (CF) | 3.91 | High |
|  Employee Knowledge (EK) | 4.02 | High |
| Service Quality | 4.01 | High |
| Customer Engagement | 3.73 | High |
| Customer Loyalty | 3.80 | High |

***Results of PLS-SEM Analysis***

The result of data analysis conducted using WarpPLS 4.0 is shown in Figure 2. The results show that:

1. Presenting mathematics and statistics formulas:Mathematics and statistics formulas and notations are written in italics (*p* value < 0.01 smaller than re­quired, which is < 0.01). The direction of the relationship between HR quality and ser­vice quality is positive 0.274. Then the rela­tion­ship between customer focus (CF) and service quality (SQ) has also significant with *p* value < 0.01. The path coefficient value of 0.221 indicates that the direction of the rela­tionship between customer focus and service quality is positive. The relationship between relation­ship between emplo­yee knowledge (EK) with service quality is also significant with a value of *p* value < 0.01.

**Table 4**

**Path Coefficient**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | HR | CF | EK | SQ | CE | CL |
| SQ | 0.274 | 0.221 | 0.436 |  |  |  |
| CE |  |  |  | 0.614 |  |  |
| CL |  |  |  | 0.315 | 0.591 |  |

The path coefficient value of 0.436 means that the results show that the relationship between know­ledge of employees (KE) and service quality (SQ) is positive.



**Figure 2. Outer modelframework**

2. TQM implementation has positive effect sig­nifi­can­tly on Service Quality (SQ) (*p* < 0.01) and the coefficient value 0.31).

3. Service quality has positive significantly ef­fect on customer engagement (*p* value <0.01). The direc­tion of the relationship between ser­vice quality and customer engagement is po­sitive because the path coefficient value is 0.614. So the *H2* hypo­thesis which states service quality (SQ) has a positive significant effect on Customer Engage­ment (CE) is ac­cep­ted.

3. Service quality has positive effect signi­fi­cant­ly on customer loyalty (*p* value < 0.01). The direction of the relationship between service quality and custo­mer loyalty is positive with path coefficient value is 0.315. So, *H3* hypo­thesis which states service qua­lity (SQ) has a significant positive effect on Custo­mer Lo­yal­ty (CL) is accepted.

4. Customer engagement has positive effect sig­nifi­cantly on customer loyalty (*p* value < 0.01). The direction of customer engagement and custo­mer loyalty is positively with path coefficient value is 0.591. It means that the *H4* hypothesis which states Customer Engage­ment (CE) has a signi­fi­cant positive effect on Customer Loyalty (CL) is accepted.

***Discussion***

The purpose of this research is to examine the effect of the Implementation of Total Quality Mana­gement (TQM) from customer perceptions on Service Quality, Customer Engagement, and Customer Loyal­ty in government bank.

***Effect of the Implementation of TQM***

 ***on Service Quality***

The result on this study show that the imple­men­tation of TQM could positively impact the service quality of SOE banks. This result is also consistent with the previous study conducted by Psomas and Jaca (2016). Previous studies and this study showed that the TQM implementation contributes to company per­form­ance, such as financial performance, product/ ser­vice quality, customer satisfaction, and operational per­form­ance (Psomas & Jaca, 2016).

These results indicate that better the quality of human resource development, the better will it affect the company TQM implementation. Simi­larly, the bet­ter company employee knowledge will also affect the company TQM imple­men­tation.

Research in small service organization in Malay­sia also found that implementation of TQM has posi­tive significantly effect on satis­faction and service qua­lity (Ooi, Lin, Tan, & Chong, 2011). Service qua­lity provided by the bank to its customer will also improve it is supported by better human resource quality and better human resource management.

Furthermore, other factor such as Customer Fo­cus play important role in TQM implement­tation (Pso­mas & Jaca, 2016). Customer centric company view that ultimately the customer will judge the company quality. Company who ac­tively listen and try to meet customer expectation will serve customer better.

In addition, customer centric company will in­volve customer in their product development. According to Flynn *et al.* (in Herzallahah, Gu­tiérrez-Gutiérrez, & Rosas, 2014), customer de­ve­lopment in product or service development will reduce future potential risk problem within the production process. By involving customer, the production process will result in a product/service that meet the customer needs.

***Effect of Service Quality on Customer Engagement (CE)***

The result show that service quality has a signi­ficant positive effect toward customer en­gagement in SOE banks. This study is consistent with the previous study conducted by Dhasan *et al.* (2017) which sho­w­ed that based from the the functional side of service quality, it has a sig­ni­ficant effect on customer en­ga­ge­ment (CE) in the offline context. The functio­nal aspect within ban­k­ing service quality consist of products know­­ledge, ability to serve faster, ability to help cus­tomer, willingness to overcome customer com­­plaints, and employee hospitality and courtesy when serving the customer. If the banks give a quality service toward its customer, customer are most likely willing to en­gage with the bank. Fur­thermore, custo­mer who had served with good qua­lity service will also engage with other cus­tomers (Dhasan *et al.,* 2017). This positive expe­rience regarding the bank service will drive cus­tomer engagement on the company.

In this study, customers were giving good marks on bank who provide secure online tran­sactions. This secure online transaction is shown by the availability of PIN code change which could protect the custo­mers. In addition, this ini­tiative is positively perceived by the customer. Therefore, customers are more will­ing to en­gage with SOE banks. Security as a part of service qua­lity could determine the superiority of service quality offered by a company. In the end the good and bad service quality provided by the com­pany could affect the customer engagement toward SOE banks.

***Effect of Service Quality on Customer Loyalty***

The results show that service quality has a signi­ficant positive effect on customer loyalty at govern­ment banks. The results of the study are the same as the results of previous research con­ducted by Lin (2012), which states that the multi-channel service qua­lity sup­ported by the SER­V­QUAL dimensions have a signi­ficant effect on consumer loyalty. Cus­tomer who per­ceived a good service quality will stay loyal as a cus­tomer for the bank. They are less willing to change their banks, which ultimately show their loyalty to­ward the bank.

This study result also in line with the pre­vious study conducted by So *et al*. (2016), which proved that service quality has a significant effect on loyalty. There are three key element which con­tributes in ser­vice qua­lity, those are em­plo­yee responsiveness when serving its customer, the banking atmosphere which result in more com­fortable customer. All of these will affect cus­to­mer loyalty. Banks should view this as an impor­tant factor because if it’s done correctly, the could save their promotion budget. Furthermore, loyal customer could also act as a good marketer for the bank products and service. When the cus­tomer is loyal toward a bank, customer will more likely to only use the service or product offered the banks rather than churning or using other banks (Kotler & Keller, 2012).

***Effect of Customer Engagement (CE) on Customer Loyalty***

Based on the analysis, the results show that cus­tomer engagement has a significant positive effect on customer loyalty at government banks. This result was consistent with the previous stu­dies conducted by Hapsari *et al*. (2017) which states that customer enga­gement has a significant positive effect on passenger loyalty. Customer who engage with the banks could be viewed as a loyal customer and will most likely stay with the same bank for a longer time or commit­ment,

The results of the study also support the pre­vious study conducted by Dhasan *et al*. (2017) who found that customer engagement in an off­line context has a significant effect on consumer loyalty. In this study, the determinant of offline is that people say positive things and recommend to others. In addition, the research con­ducted by So *et al*. (2016), also states that customer en­gagement has a significant effect on brand lo­yal­ty. This research also found that overall customer engage­ment factors had the greatest influ­ence on loyalty when compared to other variables, such as satisfaction.

The more positive customer involvement in the company, the more it will increase customer loyalty to the SOE bank they choose. The posi­tive engagement from customer toward the bank is shown as their inten­tion to promote the supe­riority of the bank pro­ducts/ service to the other customers, telling a positive expe­rience, and re­commend the bank product/service to their fri­ends or banks customers. Customer who en­gage with bank tend to show several behaviors such as identification, enthusiasm, and absorption which also included in the Customer Engagement varia­ble (So *et al*., 2012 in Hapsari *et al*., 2017).

**Conclusion**

Present the conclusions of the study and the im­plications of the results of the study. Better service quality will result in improvement toward Customer En­gagement (CE) and SOE bank customer loyalty. In addition, Customer Engagement (CE) itself could posi­tively affect SOE bank customer lo­yalty.

Presenting the list of references: Should include all the sources used in the article. The references should be from publications of the latest ten years and mi­nimally 80% of them are taken from primary refe­ren­ces (Jurnals and Patents). The list of references should be arranged alphabetically according to authors’ last names (with­out academic degrees). Quotation source and list of references should comply with the system of American Psy­cho­lo­gical Association (APA). Includes all the sources referred to in the article.

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