



The Role of Customer Bonding as a Customer Trust Mediator and Service Performance on SMEs Performance

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Authors' contributions

This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.

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ABSTRACT

Aims: This study aims to prove customer trust and service performance that affects customer bonding and the implementation of Small and Medium Enterprises (SMEs).

Study design: Hypothesis testing.

Place and Duration of Study: 210 SMEs managers in Mimika district, Papua province, Indonesia.

Methodology: Structural Equation Modeling.

Results: First, service performance positively affects customer bonding because friendly service increases customer bonding. Second, Customer Trust positively affects SMEs Performance because varied prices and new products will increase SME Performance. Third, Customer Trust positively affects SMEs Performance because honesty and integrity will improve SMEs Performance. Fourth, Service Performance positively affects SMEs Performance because friendly service will improve SMEs Performance. Fifth, Customer Trust positively impacts SMEs Performance through Customer Bonding because varied prices support honesty and integrity, and new products will increase SMEs Performance. Finally, service performance positively affects Customer Bonding because friendly service supported by varied prices and new products will increase SMEs Performance.

Conclusion: Customer trust and service performance affect customer bonding and SMEs performance, and customer bonding directly influences SMEs performance. Customer bonding has a significant influence as a mediator between customer trust and service performance on SMEs performance in Mimika Regency, Papua.

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1. INTRODUCTION

The COVID-19 pandemic, which has entered its third year, is not easy for the business sector, especially the service sector, including Small, and Medium Enterprises (SMEs). COVID-19 is omnipresence causing unabated morbidity and mortality globally [1]. The COVID-19 pandemic has significantly impacted the sustainability of Small, and Medium Enterprises (SMEs) in Indonesia. The economic crisis experienced by SMEs has also become a significant threat to the national economy, considering that SMEs are the driving force of the domestic economy and the largest absorber of labor in recent decades. SMEs, which are the pillars of national production, are facing shocks from the supply and demand sides. This can have implications for the decline in people's welfare. The LIPI Economic Research Center has conducted a Rapid Assessment Survey on the Impact of the COVID-19 Pandemic on the Performance of Indonesian SMEs. This survey aims to diagnose the impact of the pandemic on the survival of SMEs and identify strategies to restore SMEs performance (BPS, Papua, 2021).

The Rapid Assessment Survey on the Impact of the COVID-19 Pandemic on the Performance of Indonesian SMEs was conducted online from 1 – 20 May 2020, with the main livelihood being business actors. This survey captures respondents from micro business actors 54.98%, ultra-micro actors 33.02%, small business actors 8.1% and medium business actors 3.89%; with a length of business 0-5 years (55.2%), 6-10 years (24%) and more than ten years (20.8%). Most companies aged 0-5 years are in the ultra-micro scale (58.36%) and microscale (58.33%). In addition, there are variations in sales methods carried out by business actors, namely door-to-door 41%, physical stores 34%, through agents/resellers 32%, through market places 15%, and online sales through social media 54%. (BPS, Papua, 2021).

Survey data shows that 94.69% of businesses experienced a decline in sales during the pandemic. Based on business scale, sales decreased by more than 75%, experienced by 49.01% ultra-micro businesses, 43.3% micro businesses, 40% small businesses, and 45.83% medium businesses. Based on the length of business, sales decreased by more than 75%, experienced by 23.27% of companies aged 0-5

years, 10.9% of companies aged 6-10 years, and 8.84% of businesses that have been running for more than ten years. Based on the sales method, a decrease in sales of more than 75% was experienced by 47.44% of offline/physical sales businesses, 40.17% of online sales businesses, and 39.41% of companies using offline and online sales methods. (BPS, Papua, 2021).

This study comprehensively examines the impact of COVID-19 on SMEs and the perceptions and responses caused by SMEs. The discussion began by investigating the general perception of SMEs actors towards COVID-19, followed by the quantitative impact of COVID-19 on SMEs businesses and how SMEs responded and took action against it. This research was conducted at SMEs and the Office of Cooperatives and SMEs of Mimika Regency, Papua, which strives to accommodate and provide guidance to SMEs amid the new coronavirus (COVID-19) pandemic.

Customers who believe that a product/service can meet their needs will use the product/service more often than others. This is a small example of the emotional bond that unconsciously occurs between customers and companies (Gounaris & Venetis, 2002; Perrien et al., 2008). However, trust will not grow immediately without good service quality.

Various studies show that positive perceptions of commitment (Rodríguez-Izquierdo, 2020), loyalty (Mattah et al., 2018), including customer bonding. Binding customers can be done by giving special attention such as special discounts, and exceptional prices, as well as providing flexibility in payment times [2], information on price information, including product features, product design, brand reputation, price discounts, and credit facilities, all of which are expected to improve customer purchasing decisions which in turn can improve marketing performance (Manickam & Sriram, 2013).

Marketing performance, part of business performance, shows the company's ability to maximize assets, equity, and capital [3-6]. More explicitly stated by Abd-Elrahman et al. (2020) that service quality has a significant positive effect on organizational performance. Lebdaoui and Chetioui (2020) examine a model that uses customer service quality as a mechanism in the relationship between customer relationship

management (CRM) practices and business performance.

Things that need to be considered include the performance of service to customers, which is often called service performance, (Wibisono 2008) states that one way to find out the fulfillment of customer needs is to measure what is felt by the customer, not what is expected by the customer, and what perceived by the customer can be seen from the service performance provided by the company to consumers (Loughman et al., 2018).

Communication between producers and consumers contributes both directly and indirectly to creating customer bonds with SMEs, reflecting good SMEs services and performance so that it can affect customer trust in these SMEs (Laohasirichaikul et al., 2011).

Another component that SMEs should not forget is that when service companies try to create customer trust, companies need to pay attention to relational benefits because with the benefits felt by customers, they will have more confidence in the health service company [7]. To create customer trust, SMEs management needs to understand consumer attitudes and understand what consumers feel so that hospitals can make strategies that suit market needs [8,9].

The study that will be carried out in this study is to look at the research gap that occurs in research conducted by [10,11] which states that in creating relationships with customers, a company such as SMEs needs to establish relationships quality with customers by building good customer trust. The significant effect in the creation of SMEs performance increases. However, this research is not like that conducted by [12,13], which states that customer trust has no significant effect on the performance of business organizations. Relationships with customers are crucial issues that need to be maintained [14-17]. The salesperson's success in maintaining good relations will be considered a significant achievement.

The research gap data occurred in previous studies [10,11]. As well as the business phenomenon that happened in the Mimika MSME, namely the decline in the number of patient purchases in the last period of 2021, followed by a low percentage of old patients who returned to using services, indicating a problem that occurred in the Mimika MSME, so this study

will add an intervening variable between customers trust and service performance, namely customer bonding, which is an emotional bond created by the company to customers [2,18,19].

Customer trust plays a crucial role in marketing services to create relationship quality with the company (Moliner, 2009; Sleiman et al., 2021). Empirical modeling to determine how service performance and customer bonding can foster customer trust as a step to building relationships with customers. Companies need to make bonds with customers with specific techniques to create good long-term relationships with customers in create customer trust.

Perception of service performance is seen as an antecedent to customer bonding and performance. Testing the customer bonding model is the most influential in creating relationships with customers (Ruben Chumpitaz Caceres et al., 2007). Good relationships between companies and customers can create a robust organizational performance. The influence of customer bonding on brand attitude, the effect of brand attitude on customer loyalty, relationship bonding on customer loyalty, brand attitude on relationship bonding, and customer loyalty. Relationship bonds positively correlate with customer loyalty [2,19]. Customer bonding can be applied in small and medium-sized businesses and explain how marketing performance can be improved through customer bonding [20].

Through the mediating role of customer bonds, customer trust and service performance have a significant positive effect on organizational performance [21-23] Service Quality and Service Value with customer satisfaction. Customers who believe that a product/service can fulfill what is expected will tend to use the product/service more often than others; this is a small example of an emotional bond that unconsciously occurs between customers and companies (Gounaris & Venetis; Perrien et al., 2008). Based on several previous studies, when customers believe in the products/services of a company, they will tend to use the product/service repeatedly, and they have unconsciously built bonds with the company.

H1: Customer trust has a positive effect on customer bonding.

Adam et al., [20]; Udayana et al., [19] Customer bonding is developing a relationship between the

company and its customers. The company tries to maintain a relationship that has been well established and mutually beneficial to both parties. According to [24], the levels of customer bonding related to service performance is identity. The identity created by this company makes the company's relationship with its customers closer. Corporate identity can be created by providing what the customer needs and wants so that customers will remember what the company offers.

H2: Service performance has a positive effect on customer bonding.

Accuracy in understanding customer needs is a strategic step for a salesperson's success [25,26]. Click or tap here to enter text. This is not easy to do because consumer tastes tend to be dynamic.

The willingness of salespeople to share with customers is essential for customer satisfaction (Hajli & Lin, 2016; Kim & Min, 2015), both sharing experiences and sharing information. The seller is willing to share information about the advantages and disadvantages or the benefits of the latest product compared to competing products. This willingness determines a suitable product profile for customers to consider (Zhu & Chang, 2015). In this case, the role of the expert is to provide information about the benefits and practicality of a product that can convince customers. Therefore, salespeople must update the latest news to keep them knowledgeable.

Binding customers can be done by giving special attention such as special discounts, special prices, and providing flexibility in payment times [2]. Thus, intelligent marketing and marketing records are needed to improve marketing information. It is also necessary as well as information regarding price information, including product features, product design, brand reputation, price discounts, and credit facilities, all of which are expected to improve customer purchasing decisions which in turn can improve marketing performance (Manickam & Sriram, 2013).

H3: Customer bonding has a positive effect on business performance.

Intra-organizational trust refers to the willingness of employees to trust managers (Dirks & Skarlicki, 2009) and corporate organizations

(Audenaert et al., 2016; Vanhala & Dietz, 2015) based on the expectation that making specific decisions is essential to employees, regardless of the ability to monitor or control workers (Dirks & Skarlicki, 2009; Guin & Chiva, 2019). Trust in managers indicates that employees believe that managers can apply high-level skills to solve specific problems and that managers positively influence the work done ([22,27, 28] 0. Finally, employees define employees' beliefs about a company organization that operates competently, pays attention to staff welfare, and treats stakeholders honestly and fairly (Vanhala & Dietz, 2015). Inter-organizational trust (IE) refers to the expression of trust in business partners, clients and contractors, and networks. Companies believe that they will fulfill promises (Brower et al., 2009) and behave or respond in a predictable and mutually acceptable manner (Castaldo et al., 2010). Business performance shows the company's ability to maximize profits related to assets, equity, and capital (AlHakim & Lu, 2017; Reimann et al., 2010), and profitability consists of Return on Assets (ROA), Return on Equity (ROE), Return on Capital Employed (ROCE), and Return on Sales (ROS) (Reimann et al., 2010).

Dayan & Di Benedetto (2010) found that higher team trust was significantly associated with higher new product success. More recent studies have also found a significant positive correlation between team trust and team performance (Buvik and Tvedt, 2016; (Moreira & Silva, 2015) Lee et al., 2015). (Darzi & Bhat, 2018; Kholis, 2018; Maggon & Chaudhry, 2017).

H4: Customer trust has a positive effect on business performance.

Several studies have shown that positive perceptions of service quality significantly affect satisfaction (Alves & Raposo, 2010). Positive perceptions of service quality significantly impact commitment [26,29,30] hypotheses about the relationship between service quality and satisfaction in private universities. From the same point of view, research on students at a public university in Ghana, Mattah et al. (2018) found a positive relationship between educational service quality, satisfaction, and loyalty. In the case of a private university in Ireland, Prentice, McLaughlin, and Brady (2018) studied the relationship between service quality, value, and satisfaction on student customer intentions and behavior and found that perceived good service quality would have a significant positive impact.

On satisfaction. In a study of Saudi Arabian private universities, Azam (2018) hypothesized the relationship between service quality and satisfaction dimensions and highlighted a significant relationship between four dimensions (Assurance, Empathy, Reliability, Responsiveness) and customer satisfaction and behavioral intentions.

Sumardi and Fernandes (2018) analyzed the relationship between management process alignment, service quality, organizational commitment, and high performance from the same perspective. They found that the mediating variable significantly affected service quality and organizational commitment. In addition, there is a relationship between the alignment of management processes and higher education performance in Makassar, Indonesia.

H5: Service performance has a positive effect on business performance, High trust is significantly associated with higher new product success. More recent studies have also found a significant positive correlation between trust and performance (Buvik and Tvedt, 2016; Lee et al., 2015).

In this study, trust theory was used to explore the relationship between consumer trust and their willingness to make a purchase. It has been theorized that higher levels of trust held by consumers result in higher intention to purchase goods and services, especially online. The research model used in this study shows that trust is a critical factor in examining the elements that affect consumer satisfaction. Trust has a significant influence on consumer satisfaction. Consumer satisfaction measures how satisfied consumers are with the products or services provided. A higher level of consumer satisfaction indicates a higher level of trust. Companies must be aware of several factors to build customer satisfaction, such as perceived value and trust. Gaining trust will ensure consumers are satisfied with the purchase decision

H6: Customer trust has a positive effect through customer bonding on business performance.

Service performance, customer engagement, and related business performance are found in various literature such as Abd-Elrahman et al. (2020), Lebdaoui and Chetioui (2020), and Rodríguez-Izquierdo, 2020). Various research results show that service quality significantly affects organizational performance, which cannot

be ignored about customer engagement. A model uses customer service quality as mediation in the relationship between customer engagement and organizational performance. The findings suggest that customer service quality plays a mediating role between customer engagement and organizational performance.

H7: Service performance has a positive effect through customer bonding on business performance

2. METHODS

Based on the unit of analysis, this study uses organizational units of analysis (organizations), which refers to the level of unity of the data collected during the data analysis stage (Now and Bougie, 2017). The problem statement is related to SMEs Performance, then the unit of analysis is the organization. Individuals who are represented in the organization will be treated as a unit. In this case, the SMEs managers.

In this study, there are variables used, namely (1) Customer Trust (Tanner, Jr., 2007 and (2) Customer Bonding. (Gounaris et al., 2002) (3) Service Performance (Sanjay K Jain et al., 2004) (4) Marketing Performance (Borisavljevic, 2016; Homburg et al., 2012). The measurement scale used is a Likert Scale from 1 to 5, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree.

The target population is the SMEs industry in Mimika based on the Krejcie and Morgan formula, which will be sampled (Sekaran and Bougie, 2010). The number of samples obtained as many as 210 SMEs business actors in the fields of food, crafts, fashion, and agribusiness in Mimika district, Papua province, as shown in Table 1.

Based on Table 1. shows that the majority of business actors in Mimika district are men, as much as 54.3%, with an age range of 31-35 years, length of business 3-5 years (34.8%), food (culinary) business sector by 54.3% and the number of employees by 3-5 people as much as 41.0%.

Many business actors came from termination of employment, especially former (male) PT Freeport employees, most of whom are engaged in the food processing and handicraft business sector. However, other business sectors are still dominated by women entrepreneurs. However, if

Table 1. Demographic respondent

Demography	Frequently	%
Gender		
1. Man	114	54.3
2. Women	96	45.7
Age		
1. < 20 years	28	13.3
2. 21 – 25 years	67	31.9
3. 26 – 30 years	43	20.5
4. 31-35 years	72	34.3
Duration		
1. < 2 years	23	11.0
2. 3-5 years	5	2.4
3. 6-8 years	42	20.0
4. 9-11 years	67	31.9
5. > 12 years	73	34.8
Business field		
1. Food Processing	114	54.3
2. Craft	64	30.5
3. Fashion	8	3.8
4. Agribusiness	24	11.4
Number of employees		
1. < 2 peoples	68	32.4
2. 3-5 peoples	86	41.0
3. 6-8 peoples	29	13.8
4. 9-11 peoples	9	4.3
5. > 12 peoples	18	8.6

you look at the gender demography in Mimika Regency, the difference between men and women is not that much different. Another exciting thing is that many SMEs actors are serious about pursuing their business fields, especially in the handicraft sector (crocodile skin, sculptors, and the like).

The data used in this study is primary data, namely data collected directly by researchers by

providing questionnaires that respondents can answer to answer problems and research objectives. Data collection in this study was carried out by distributing questionnaires to SMEs actors in Mimika, both on an Ultra Micro, Micro, Small, and Medium scale, with the results of 210 questionnaires that were feasible to be processed. The data collection period is December 2021 and January 2022.

Table 2. Validity test

Item	Brand Trust	Customer Bonding	Services Performance	SMEs Performance
BT1	.811			
BT10	.844			
BT11	.883			
BT12	.790			
BT2	.844			
BT3	.802			
BT4	.773			
BT5	.804			
BT6	.846			
BT7	.829			
BT8	.822			
BT9	.854			
CB1		.759		

Item	Brand Trust	Customer Bonding	Services Performance	SMEs Performance
CB10		.886		
CB2		.766		
CB3		.832		
CB4		.773		
CB5		.790		
CB6		.887		
CB7		.842		
CB8		.848		
CB9		.869		
SP1			.741	
SP10			.856	
SP2			.767	
SP3			.768	
SP4			.788	
SP5			.736	
SP6			.832	
SP7			.815	
SP8			.769	
SP9			.891	
UP1				.790
UP10				.908
UP2				.781
UP3				.845
UP4				.804
UP5				.798
UP6				.907
UP7				.719
UP8				.854
UP9				.896

From Table 2. the data analysis method used to test the seven hypotheses in this study used a statistical analysis tool Structural Equation Modeling-Partial Least Square (SEM-PLS). Based on the final SmartPLS elimination results, several indicators have a loading factor value above the validity requirement of 0.70.

value of the cross loading. So, it can be concluded that all constructs or latent variables already have good discriminant validity, where the construct indicator is greater than the indicators in the other blocks. From the results of the cross-loading analysis, it appears that there is no discriminant validity problem.

Table 2 shows that the Average Variance Extracted (AVE) value is above 0.5 and that the indicators are the right measuring tools to measure the variables, namely the Average Variance Extracted (AVE). The results of the validity of the research model by looking at the

In Table 3, the value of composite reliability, the model shows that for all constructs or latent variables are above the value of 0.7 it can be concluded that all latent variables have good reliability by the required minimum value limit.

Table 3. Reliability & Cronbach's Alpha

Variable	Average Variance Extracted (AVE)	Average Variance Extracted (AVE)	Cronbach's Alpha
Brand Trust	0.682	0.963	0.959
Customer Bonding	0.683	0.956	0.948
Services Performance	0.636	0.946	0.937
UMKM Performance	0.693	0.957	0.950

Source: Data processed (2022)

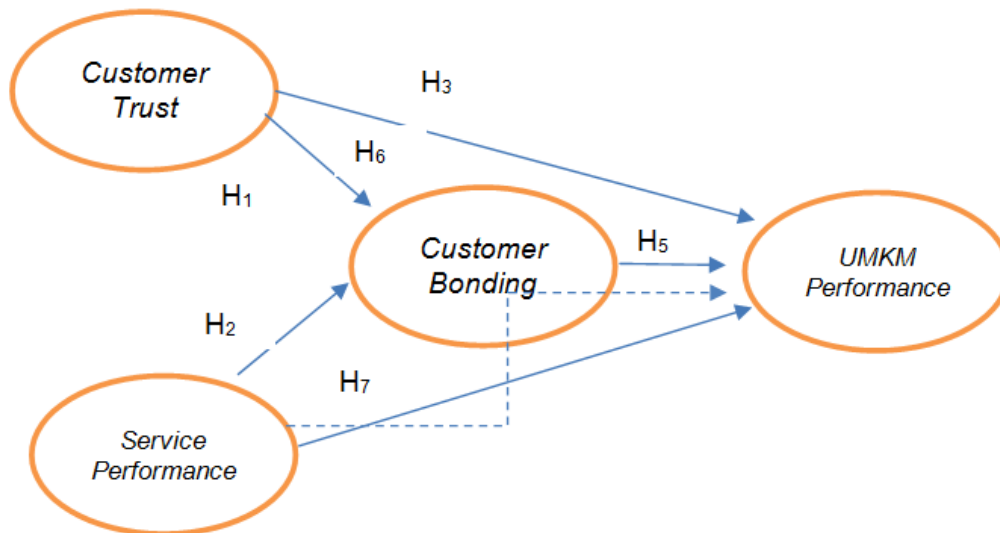


Fig. 1. Conceptual framework

Apart from measuring the outer model by assessing convergent validity and discriminant validity, it can also be done by looking at construct reliability or latent variables as measured by looking at Cronbach's alpha greater than 0.6. In Table 2, the model shows the value of Cronbach's alpha where all constructs are more significant than 0.60. Thus, it can be concluded that all latent variables have good reliability by the required minimum limit.

3. RESULTS AND DISCUSSION

3.1 Results

The response of all respondents to the customer trust stated that they agreed with the existence of

customer trust in SMEs, indicating the number 3.6341. When the respondents' answers were viewed, the largest was in the second question from the meet expectations dimension, namely about consumer confidence in SMEs honesty to maintain so that it shows confidence in SMEs honesty. To keep and fulfill the agreements that have been made and meet the arrangements that have been made and the fourth question from the reliable dimension, namely SMEs have high integrity in establishing relationships with customers, while the respondent's answer is low on the fourth question from the meet expectations dimension regarding the willingness of consumers to depend to SMEs in the form of accepting risks or negative consequences that may occur.

Table 4. Statistic descriptive

Variable	Mean	Std. Deviation
Customer Trust		
Meet expectations	3.667	1.002
Reliable	3.520	1.003
Trustworthy	3.615	0.876
Service Performance		
Service quickly	3,609	0.872
Responsive	3.506	0.963
Being friendly	3.874	0.863
Customer Bonding		
Awareness	3.881	0.985
Advocacy	3.954	0.874
Relationship	3.793	0.985
UMKM Performance		
Market Coverage	3.560	1.014
Sales Volume	3.748	0.895
Profile	3.787	0.804

Table 5. Mean, STDEV, T Values, P-Values

	Original sample (O)	Average (M)	Standard Deviation (STDEV)	T-statistic (O/STDEV)	P-Values
Brand Trust -> Customer Bonding	.320	.328	.069	4.652	.000
Services Performance -> Customer Bonding	.387	.382	.069	5.573	.000
Brand Trust -> SMSE Performance	.058	.052	.033	1.737	.041
Services Performance -> SMSE Performance	.052	.044	.042	1.253	.105
Customer Bonding -> SMSE Performance	.904	.917	.060	14.985	.000

Table 6. Mean, STDEV, T Values, P-Values

	Original sample (O)	Average (M)	Standard Deviation (STDEV)	T-statistic (O/STDEV)	P-Values
Brand Trust -> Customer Bonding -> SMSE Performance	.289	.302	.069	4.184	.000
Services Performance -> Customer Bonding -> SMSE Performance	.350	.350	.068	5.142	.000

From Table 4. the research results for general responses show that honesty and integrity have the highest value. This shows that honesty and integrity are the highest elements in SMEs to gain customer trust. Service Performance states that the measure of service quality/service is the performance of the services received by the consumers themselves. Consumers will only be able to judge the quality of the services they feel. The most significant response of respondents to reliable services with an average value of 3.7000 shows doubts about reliable SMEs services. Furthermore, the most considerable respondent's answer to quality services with an average of 3.6810 indicates that SMEs are hesitant to provide high-quality services. The most significant respondent's response to problem-solving with an average of 3.4476 shows that SMEs employees do not solve problems quickly.

The research results for general responses indicate that friendly service has the highest value of 3.9476. This shows that social service is the highest element in SMEs to obtain service performance. The reactions of all respondents to service performance agreed in SMEs, which was indicated by the average number of .6843. Customer bonding is defined as developing a relationship between the company and its customers where the company tries to maintain a relationship that has been well established and mutually beneficial to both parties. Respondents' responses to building relationships with an average value of 3.9524 indicate a positive relationship between consumers and SMEs. Respondents' responses to personal support with an average value of 3.8333 indicate that Sharing personal advice or support for SMEs is crucial for consumers.

The research results for general responses show that the different prices and new products have the highest average value. This indicates that prices and new products are the highest elements SMEs must have to obtain customer bonding. On average, the responses of all respondents to customer bonding stated that they agreed with the existence of customer bonding in SMEs, which was shown at 3.8676. The responses of all respondents to the performance of SMEs stated that they agreed with the arrangement in SMEs in Mimika Regency. The average number was 3.7071. When viewed from the respondents' answers, the largest was in the fourth question from the profile dimension, namely about the services provided without being complicated, showing that

SMEs performance was maintained with good.

From Table 5. it can be seen that the value of the Original Sample (O), brand trust is 0.320, which means that it has a positive effect on customer bonding, so the better the level of brand trust, the higher the customer bonding. Then when viewed from the significance shown by the t-statistical value of $4.652 > 1.96$, the probability value of the P-value is $0.000 < 0.05$. This means that the brand trust variable positively and significantly affects customer bonding. Likewise, the service performance of 0.387 means that it positively affects customer bonding, so the better the service performance, the better customer bonding. Then when viewed from the significance indicated by the t-statistic value, namely $5.573 > 1.96$, the probability value at the P-value is $0.000 < 0.05$. For a brand trust, it is 0.058, which means it has a positive effect on SMEs performance, so the better the brand trust, the SMEs performance will increase. Then when viewed from the significance indicated by the t-statistical value of $1.737 > 1.96$ and for the probability value, the P-value is $0.041 < 0.05$. This means that the brand trust variable has a positive and significant influence on SMEs customer performance.

Service performance is 0.052, which means it positively affects SMEs performance, so the better the service performance, the better customer bonding. Then when viewed from the significance indicated by the t-statistic value of $1.253 < 1.96$ and for the probability value, the P-value is $0.105 > 0.05$. This means that the service performance variable has a positive and insignificant effect on SMEs performance.

Customer bonding is 0.904, which means that it positively affects SMEs performance, so the better the customer bonding, the better SMEs performance. Then when viewed from the significance indicated by the t-statistical value of $14.985 > 1.96$, the probability value of the P-value is $0.000 < 0.05$. This means that the customer bonding variable has a positive and significant influence on SMEs performance.

From Table 6. it is said that the better the brand trust, the better SMEs performance will be through customer bonding. The Original Sample (O) value of 0.289, which means it has a positive effect when viewed from the significance indicated by the t-statistic value of $4.184 > 1.96$, and the probability value of the P-value is 0.000

< 0.05. This means that the brand trust variable has a positive and significant influence on SMEs performance through customer bonding. The estimated parameter for testing the effect of service performance on SMEs performance through customer bonding is 0.651 indicating a CR value of 6.579 with a probability value <0.05, it can be concluded that the hypothesis states that "The more service increases through customer bonding, the higher SMEs performance" means that the customer bonding can mediate the influence of customer trust on SMEs performance.

3.2 Discussion

The test results can be seen that the service performance indicator, namely the being social indicator, has a more substantial value effect than the other two indicators. This shows that the primary key is good service performance when consumers receive friendly service. Although being friendly has a more substantial influence, other indicators also play an essential role in showing the service performance in SMEs services, and it can be concluded that to improve customer bonding.

The results showed that the parameter estimation for testing the effect of customer bonding on SMEs performance could be proven statistically (Yamoah et al., 2016; Christian Homburg & Klarmann, 2007; Garrett et al., 2008; Hajli & Lin, 2016; Kim & Min, 2015; Zhu & Chang, 2015; Balci et al., 2019; Manickam & Sriram, 2013). Cross and Smith (2007), with the highest indicators, namely varying prices and new products that will affect SMEs performance.

The parameter estimation for testing the influence of customer trust on SMEs Performance means that the higher Customer Trust, the higher SMEs Performance" because honesty and integrity are the highest elements that will support SMEs performance. The results of this study are in line with those (Bursian et al., 2015; Rim & Dong, 2018; Askvik & Jamil, 2013; Goergen et al., 2013; Rim & Dong, 2018; Dirks & Skarlicki, 2009; Audenaert et al., 2016; Vanhala & Dietz, 2015; Guin ot & Chiva, 2019; Davis et al., 2000; Vanhala & Dietz, 2015; Castaldo et al., 2010; Akgün et al., 2005; Dayan & Di Benedetto, 2010; Muethel et al., 2012; Anderson & Srinivasan 2003).

SMEs have not been able to provide the needs that consumers want, such as easy payments,

discounted prices, and product promotions to attract consumers to buy products/goods. The better the products sold; the more purchasing decisions will also increase. The COVID-19 pandemic in Mimika Regency decreased sales of SMEs products because consumers prioritized using goods and services for their primary needs. Reduced trust in goods and services sold by business actors. For this reason, SMEs actors must improve product quality to increase consumer confidence and intensively communicate product quality.

The study results show that service performance affects SMEs performance can be proven because friendly service is the highest element that supports SMEs performance. The results of this study support the opinion of (Abd-Elrahman et al., 2020; Lebdaoui and Chetioui, 2020; Singh, 2016; Aremu et al., 2018; Nazeer et al, 2014; Mawoli, 2016; Alves & Raposo, 2010; Ding, Hu, Verma, & Wardell, 2010; Rodríguez-Izquierdo, 2020; Mattah et al, 2018; Brady, 2018; Azam, 2018).

SMEs actors can improve service quality and add services such as delivery orders and online buying and selling services that consumers can easily access. In carrying out delivery services, business actors also tighten their service standards by improving and ensuring the cleanliness of their products. For assistance, services can be developed through online media and using online service activities to be more effective, and business can run as usual. Good service will be able to form consumer trust to create customer satisfaction and form consumer loyalty.

Low customer trust, thereby reducing customer dependence. In this Pandemic period, SMEs actors not only attract new customers but must maintain products and maintain existing customers, create customer satisfaction and ultimately create dependence on consumers.

Low customer trust, thereby reducing customer dependence. During this Pandemic period, SMEs actors not only attract new customers but also maintain products and existing customers, create customer satisfaction, and ultimately create customer dependence. Customers will not move to another because they already have confidence in our products. One way for SMEs to survive amid declining sales is to maintain a strong and mutually beneficial relationship between service

providers and customers to build repeat transactions and create customer loyalty.

4. CONCLUSION

The results of hypothesis testing prove that customer trust and service performance affect customer bonding and SMEs performance, and customer bonding itself directly influences SMEs performance. Customer bonding has a significant influence as a mediator between customer trust and service performance on SMEs performance in Mimika Regency, Papua.

Managerial Implications. First, Regional-Owned Enterprises (BUMD) order to provide financing and physical infrastructure for SMEs to increase business productivity. BUMD supplies the provision of the funding and business infrastructure from the allowance for the share of annual profits allocated to SMEs actors in the form of loans, guarantees, grants, financing, and the provision of other business infrastructure from CSR assistance. Development of physical infrastructure and facilities includes the procurement of SMEs areas with low rent, showrooms for SMEs products, warehousing and transportation, waste treatment units, information sites (websites), and other supporting facilities. Second, the Mimika Regency Government provides incentives in the form of ease of licensing requirements, reduced tariffs for infrastructure facilities, and other conditions of incentives by the provisions of laws and regulations to the business world that provides SMEs. Third, Prepare the development of superior local products from upstream to downstream as the business base of cooperatives and SMEs. Fourth, there is a need for a Roadmap for the Development of Micro, Small, and Medium Enterprises (SMEs) as a basis for systemic development.

This study has limitations in sampling coverage, only limited to Mimika Regency, Papua. The easternmost province in Indonesia, especially with the level of economic development, is far behind, for example, compared to other districts on the island of Java. Likewise, the limitations in terms of the sharpness of the indicators of questions or statements that are not easy to understand by SMEs actors are limited in terms of education. Even though distributing the questionnaires with assistance from surveyors, there are still difficulties in the field.

It is suggested to SMEs actors to continue to apply Customer Trust and Service Performance because the results of the research conducted are known to have a positive effect on SMEs Performance. In addition, one that can be stated is the importance of including cultural factors in further research. It is better to add the entrepreneurial side to study further. Cultural factors, for example, can be considered as moderating variables. The result is undoubtedly expected to be better.

ETHICAL APPROVAL AND CONSENT

The authors collected and preserved participant consent and ethical approval as per international standards or university standard guidelines.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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