THE EFFECT OF SERVICE FAILURE AND COMPLAINT HANDLING ON CUSTOMER TRUST AT PDAM TIRTANADI MEDAN DENAI BRANCH WITH CUSTOMER SATISFACTION AS AN INTERVENING VARIABLE

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ABSTRACT

Water is a basic human need that must be met with quality service. PDAM Tirtanadi Medan Denai Branch, as the sole provider of clean water in its area, is required to provide optimal service to increase customer trust. This study aims to analyze the effect of service failure and complaint handling on customer trust, with customer satisfaction as an intervening variable.This associative study uses the entire population of PDAM Tirtanadi Medan Denai Branch customers who have complained at least once, totaling 16,925 customers as of August 2022. The sample was determined using Malhotra's formula, comprising 200 respondents selected through non-probability accidental sampling. Data analysis was conducted using PLS-SEM via the SmartPLS program.The results indicate that service failure has a significant negative effect on customer trust and satisfaction. Complaint handling has a significant positive effect on customer trust and satisfaction. Customer satisfaction has a significant positive effect on customer trust. Indirectly, service failure has a significant negative effect on trust through customer satisfaction, while complaint handling has a significant positive effect on trust through customer satisfaction.

Keywords: service failure, complaint handling, customer satisfaction, customer trust, PDAM

I. INTRODUCTION

Water is a basic human need that must be met with quality services. The North Sumatra Provincial Government established PDAM Tirtanadi as a regional company providing clean water to the community. PDAM Tirtanadi has various service branches, one of which is the Medan Denai Branch located on Jalan Garuda Raya Ujung.

The PDAM Tirtanadi Medan Denai Branch is the second-largest branch in terms of customer base, with 47,074 customers as of June 2022. This branch operates 1 mini water treatment plant and 4 boreholes to meet its customers' water needs. As the sole provider of clean water in its service area, the company is required to deliver optimal service to maintain customer trust.

However, according to Halo Tirtanadi data from 2020, there were various customer complaints such as water outages, turbid water, smelly water, and bills that did not match usage. These issues have negatively impacted customer trust in the company. Complaint handling data shows that complaint resolution has not been optimal, with the resolution rate decreasing from 94% in January to 62% in December 2020.

The decline in customer trust has a negative impact on the company's performance. New connection targets are difficult to achieve, with an average achievement of only 43.50% of the target set for 2020. Based on a Marketing Department survey, public distrust in the company's ability to meet expectations is the main cause of the low realization of new connections. Customer dissatisfaction also affects bill payments. 2020 billing data shows that the average percentage of bills collected is around 70-77%. The Finance Department's TRA mapping reveals that 44% of customers refuse to pay their bills due to dissatisfaction with the service provided. In fact, 122 customers submitted requests for disconnection throughout 2020.

Service failure is the main factor causing customer distrust. Situmorang & Mulyono 2019) define service failure as any type of error, deficiency, or problem that occurs during service provision. Data shows various forms of service failure, such as disrupted water distribution, water outages, low water pressure, dirty water, and bills that do not match usage. The lack of responsiveness in handling complaints also exacerbates the situation. Ahmed & Amir (2011)) explain that complaint handling is a strategy to resolve and learn from failures in order to rebuild customer trust. Data in Table 1.5 shows a downward trend in the percentage of complaints resolved, reflecting the company's lack of responsiveness.

Customer trust is crucial for business sustainability. Moorman in Widiyanto (2013) states that trust is an individual's willingness to rely on another party due to

their belief in that party. Leninkumar (2017) add that customer trust is a perception of reliability based on experience or transactions characterized by the fulfillment of expectations regarding product performance.

Customer satisfaction also plays an important role in shaping trust. (Kotler dan Keller, 2019) define customer satisfaction as the feeling of pleasure or disappointment that arises from comparing perceived performance with expectations. Walter et al. (2012) state that customer trust is influenced by customer satisfaction. Previous studies have shown differing results (research gap) regarding the relationship between variables. Buttle & Burton (2002) found that service failure has a significant negative impact on trust, while Wardhana (2018) found a significant positive impact. Patma et al. (2013) found that complaint handling has a non-significant positive effect on trust, unlike (Supriaddin (2020) who found a significant positive effect.

A research gap also exists in the relationship between service failure and customer satisfaction. Weun et al (2004) found a significant negative effect, Sembada et al (2016) found a non-significant negative effect. Similarly, regarding complaint handling on satisfaction, Shammout and Haddad (2014) found a significant positive effect, differing Keiningham. (2018), who found a non-significant effect.

Based on these issues and research gaps, this study is important to analyze the influence of service failure and complaint handling on customer trust in PDAM Tirtanadi Medan Denai Branch, with customer satisfaction as an intervening variable.

II.   LITERATURE REVIEW
Definition of Service Failure

Service Failure is any service error when a customer comes into contact with a company, which can increase negative emotions and customer dissatisfaction Kim & Jang (2016) So service errors often cannot be shunned from companies with high levels of customers and gradual service. Furthermore, service failure is an activity that occurs as a result of the initial service received by the customer which does not match the customer's expectations.Suryadi (2020) states that service quality problems or service failures in the service business occur due to service quality gaps.

Definition of Complaint

Bell & Luddington (2006) Complaints are formal or informal communications conveyed by individuals to express dissatisfaction, disappointment, or objections to a particular product, service, policy, or situation. Complaints serve as a feedback mechanism that enables the recipient to understand the problem and make the necessary improvements.

Greenbaum (1969) Complaints are expressions of customer dissatisfaction that arise when expectations do not match reality. In a business context, complaints are an important indicator for measuring product or service quality, as well as an opportunity to improve customer satisfaction through appropriate and responsive handling.

Hughes (1993) Complaints are a manifestation of feelings of frustration, disappointment, or injustice experienced by individuals. Psychologically, filing a complaint is a way to release emotional pressure and find solutions to problems that disturb a person's mental balance or life satisfaction.

Definition of Trust

Trust is the foundation of business. A business transaction between two or more parties will occur if each party trusts the other. This trust cannot simply be recognized by the other party or business partner, but must be built from the beginning and proven. Trust is an awareness and feeling that customers have in believing in a product, and is used by service providers as a tool to establish long-term relationships with customers (Diza et al 2016)

According to Barnes in Rulirianto et al (2020) trust involves a person's willingness to behave in a certain way because of the belief that their partner will provide the satisfaction they expect and a general expectation that another person's words, promises, or statements can be trusted. Tjahyadi (2006) conceptualize trust as when a group has confidence that their exchange partners have reliability and integrity.

Understanding Customer Satisfaction

Customer satisfaction is defined by Tjiptono 2019) as an effort to fulfill something or make something adequate. This definition refers to the word satisfaction, which comes from the Latin words satis (meaning good enough, adequate) and facio (meaning to do or make).

Customer satisfaction is also defined by Sunyoto (2017) as the level of feeling a person experiences after comparing the performance or results they perceive with their expectations. Meanwhile, Oliver in Giese & Cote (2000) defines customer satisfaction as the consumer's fulfilment response, which is an assessment that the features of a product or service, or the product or service itself, provide a level of fulfillment related to enjoyable consumption. This definition

III.   METHODS

The purpose of this study is to analyze the effect of service failure and complaint handling on customer trust in PDAM Tirtanadi Medan Denai Branch, with customer satisfaction as an intervening variable. This study is an associative study. The population in this study consists of all customers of PDAM Tirtanadi Medan Denai Branch who have filed at least one complaint, totaling 16,925 customers as of August 2022. The sample size was determined using Malhotra's formula, with a sample size of 200 respondents. The sampling technique used in this study was non-probability sampling with accidental sampling. Data analysis was conducted using PLS-SEM with the SmartPLS program.

IV.   RESULTS
Classical Assumptions

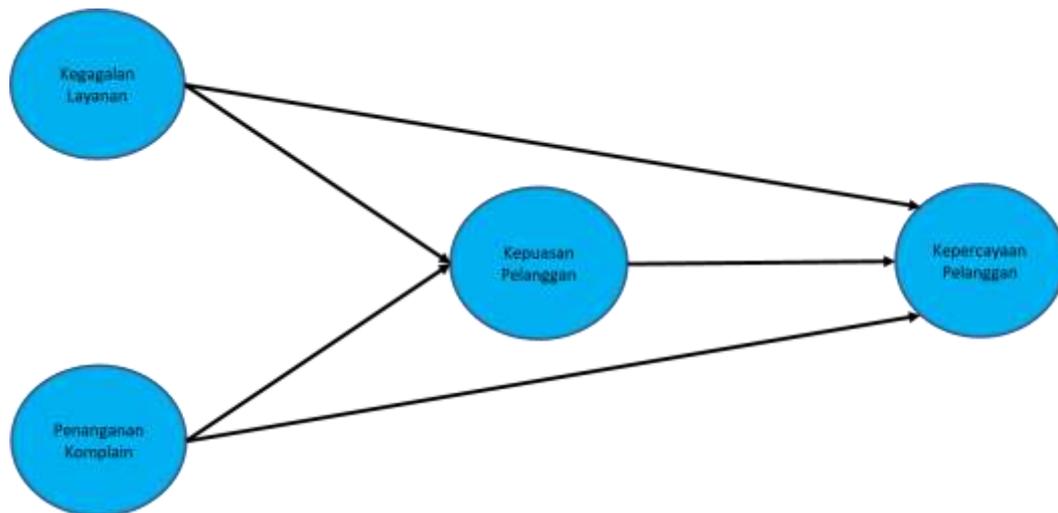**1.   Eavluation Results Measurement model**

Image 1
Outer Loading Test Results

Source: PLS output, 2024

First-order analysis was performed on each research variable. This was done to see the suitability of each indicator in each dimension that became the basis for the reduction of the research indicator. If the indicators from each dimension are reliable and accurately measure each dimension, then the research can more accurately predict the relationship between the variables that occur.

2. Composite Reliability Test Results

Table 1 Composite Reliability Test Results

Variabel	Composite Reliability
Kegagalan Layanan	0.917
Penanganan Komplain	0.927
Kepuasan Pelanggan	0.956
Kepercayaan Layanan	0.926

Outer model validity is carried out using convergent validity and discriminant validity. The convergent validity assessment is carried out by looking at the average variance extracted (AVE) value for each construct. Hair et al. (2011) states that the AVE value for each good construct is at least> 0.5. The results of the SmartPLS algorithm on the AVE value are summarized below.

3. AVE Test Results

Table2 AVE Test Results

Variabel	Average Variance Extracted (AVE)
Kegagalan Layanan	0.614
Penanganan Komplain	0.680
Kepuasan Pelanggan	0.755
Kepercayaan Layanan	0.716

As for the value, it shows that the AVE value of each construct in the final model has reached a value> 0.5. Thus, the proposed structural equation model has met the convergent validity criteria.

4.   R Square Test

Table 3 R Square Test

R Square

	R Square	R Square Adjusted
KEPERCAYAAN PELANGGAN	0.723	0.719
KEPUASAN PELANGGAN	0.625	0.621

Source: PLS output, 2024

Based on the data, it can be seen that the R Square value is as follows

1.   The R Square value for the Customer Trust variable is 0.723. This means that the percentage of influence of Service Failure and Complaint Handling on Customer Trust is 72.3%, while the remaining 27.7% is explained by other variables such as Brand Image, Service Recovery, and Customer Experience.

2.   The R-Square value for the Customer Satisfaction variable is 0.625, meaning that the percentage of influence of Service Failure and Complaint Handling on Customer Satisfaction is 62.5%, while the remaining 37.5% is explained by other variables such as Service Quality, Price Perception, and Customer Value. **2. Path Coefficient Analysis**

a.   Direct Effect

Path coefficients analysis aims to see the significant level between variables. Path coefficient analysis is carried out through the bootstrapping method with the first step seen based on the direct effect or direct effect, with a significant level of

research, namely 5%, if the T-Statistic value obtained is above 1.96, it is concluded that the relationship between variables is significant or if the p-value obtained is below 0.05, it can be concluded that the relationship between variables can be seen in the path coefficient analysis of the structural model in the following table

Table 4Test Results Path Coefficients Direct Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Kegagalan Layanan -> Kepercayaan Pelanggan	-0.124	-0.124	0.058	2.129	**0.034**
Kegagalan Layanan -> Kepuasan Pelanggan	-0.258	-0.271	0.090	2.876	**0.004**
Kepuasan Pelanggan -> Kepercayaan Pelanggan	0.285	0.287	0.068	4.214	**0.000**
Penanganan Komplain -> Kepercayaan Pelanggan	0.518	0.518	0.063	8.255	**0.000**
Penanganan Komplain -> Kepuasan Pelanggan	0.595	0.585	0.100	5.955	**0.000**

Based on the data from table 4, it can be assessed as follows

1. The Effect of Service Failure on Customer Trust

   The effect of service failure on customer trust (p = 0.034 < 0.05) means that H0 is rejected and H1 is accepted, and the coefficient value of -0.124 means that there is a negative and significant effect, where the lower the service failure, the higher the customer trust.

2. The Effect of Service Failure on Customer Satisfaction

   The effect of service failure on customer satisfaction (p = 0.004 < 0.05) leads to the rejection of H0 and acceptance of H1. The coefficient value of -0.258 indicates a negative and significant effect, meaning that the lower the service failure, the higher the customer satisfaction.

3. The Effect of Customer Satisfaction on Customer Trust

   The influence of customer satisfaction on customer trust (p = 0.000 < 0.05) means that H0 is rejected and H1 is accepted, and the coefficient value of 0.285 indicates a positive and significant influence, where the higher the customer satisfaction, the higher the customer trust.

4. The Influence of Complaint Handling on Customer Trust

The influence of complaint handling on customer trust (p = 0.000 < 0.05) means that H0 is rejected and H1 is accepted, and the coefficient value of 0.518 indicates a positive and significant influence, where the higher the complaint handling, the higher the customer trust.

5. The Influence of Complaint Handling on Customer Satisfaction

The influence of complaint handling on customer satisfaction (p = 0.000 < 0.05) means that H0 is rejected and H1 is accepted. The coefficient value of 0.595 indicates a positive and significant influence, where higher complaint handling leads to higher customer satisfaction.

b.   (Indirect Effect)

Testing the indirect effect is also carried out with the T-statistics test (t-test), namely with a significance level of 5%, where if the T-statistics value> 1.96 and if in this test a p-value <0.05 (α 5%) is obtained, it means that the test is significant, and vice versa if the p-value> 0.05 (α 5%), it means that it is not significant. Test results for the indirect effect of latent variables

Table:5 est Results Path Coefficients indirect effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Kegagalan Layanan -> Kepuasan Pelanggan -> Kepercayaan Pelanggan	-0.074	-0.079	0.036	2.062	**0.040**
Penanganan Komplain -> Kepuasan Pelanggan -> Kepercayaan Pelanggan	0.170	0.167	0.046	3.654	**0.000**

Based on the data from table 5, it can be assessed as follows

1. The Effect of Service Failure on Customer Trust Through Customer Satisfaction

Table 4.14 shows empirical evidence of Service Failure on Customer Trust through Customer Satisfaction. Thus, the indirect influence coefficient value of Service Failure on Customer Trust through Customer Satisfaction is -0.074, with a p-value of 0.040 < 0.05, indicating that Service Failure indirectly has a negative and significant influence on Customer Trust through Customer Satisfaction.

2.   The Effect of Complaint Handling on Customer Trust through Customer Satisfaction

shows empirical evidence of Complaint Handling on Customer Trust through Customer Satisfaction. Thus, the indirect influence coefficient value of Complaint Handling on Customer Trust through Customer Satisfaction is 0.170, with a p-value of 0.000 < 0.005. Therefore, Complaint Handling indirectly has a positive and significant effect on Customer Trust through Customer Satisfaction

1.   The Effect of Service Failure on Customer Trust

Based on the results of the direct effect test, it is known that service failure has a negative and significant effect on customer trust, where the path coefficient value of service failure is -0.124, which is negative, and the significance value is 0.034 < 0.05, which means that the lower the service failure, the higher the customer trust. This aligns with the research by Sajtos et al (2010) and La & Choi (2012) where service failure has a negative and significant impact on customer trust.

Based on the distribution of responses, it is known that the questions asked by the researcher were negative in nature, meaning that if respondents agreed, it indicated a problem. For example, in the statement "PDAM Tirtanadi Medan Denai Branch has slow service," with a high mean value of 2.24, 11 respondents agreed, indicating that PDAM Tirtanadi Medan Denai Branch's service is indeed slow. This is acknowledged by respondents that when there are issues related to their service, PDAM Tirtanadi Branch Medan Denai is unresponsive in resolving the existing issues. Customers feel that the handling is slow, even requiring customers to file complaints again because PDAM Tirtanadi Branch Medan Denai does not respond to customer complaints. In the statement "Employees of PDAM Tirtanadi Medan Denai Branch do not respond to customer issues" with a mean value of 1.95, there were 9 respondents who strongly agreed. This undoubtedly causes some respondents to lose their trust in PDAM Tirtanadi Medan Denai Branch because the issues they face are ignored by the company.

Customer trust is related to customers' belief in the company as a result of the company's reliability (Moorman et al. in Desafitri, 2010). Service failure itself refers to any type of error, deficiency, or problem that occurs during service provision (Situmorang & Mulyono, 2019) As a provider of clean water services, PDAM Tirtanadi

is considered to have services that do not meet customer expectations because some customers still experience problems where the water that should be available for consumption at all times and meet standards often experiences disruptions, making PDAM Tirtanadi Branch Medan Denai unreliable in meeting customer needs. Failure in service is almost impossible to avoid (Kelley et al. in Kim and Jang, 2016), therefore, PDAM Tirtanadi Medan Denai Branch is required to be responsive and proactive in addressing customer issues so that it can become a trusted party for customers, as trust is an individual's willingness to rely on others involved in growth because they have confidence in those others (Moorman in Widiyanto, 2013).

2 The Effect of Complaint Handling on Customer Trust

Based on the results of the direct effect test, it is known that complaint handling has a positive and significant effect, where the path coefficient value of complaint handling is 0.518 and its significance is 0.000 < 0.05, which means that the higher the complaint handling, the higher the customer trust. The results of this study are consistent with those of Ateke et al (2015) and Supriaddin (2020) which found that complaint handling has a positive and significant effect on customer trust.

Based on the distribution of responses, it is known that the average respondents still predominantly agree with all statements, but some respondents have some issues, such as the statement "PDAM Tirtanadi Medan Denai Branch listens to every complaint submitted by customers" with the lowest mean value of 3.58, indicating that 9 respondents answered with strongly disagree. This is because some respondents felt their complaints were not addressed adequately, making the information they provided to PDAM Tirtanadi Branch Medan Denai seem pointless. Similarly, for the statement "PDAM Tirtanadi Medan Denai Branch resolves customer complaints," there were still 7 respondents who disagreed with a mean value of 4.05, where respondents perceived PDAM Tirtanadi Medan Denai Branch as indifferent in responding to customer complaints due to the lack of resolution from PDAM Tirtanadi Medan Denai Branch. This is undoubtedly an important task for PDAM Tirtanadi Medan Denai Branch in terms of handling customer complaints. However, the statement "There are adequate facilities available for submitting complaints to

PDAM Tirtanadi Medan Denai Branch" received the highest mean score of 4.07, indicating that respondents agree that PDAM Tirtanadi Medan Denai Branch provides numerous facilities for submitting complaints. According to respondents, there are many ways to submit complaints to PDAM Tirtanadi Medan Denai Branch besides visiting in person, such as making a phone call to the branch office or submitting a complaint via email. Additionally, the company provides an application called Halo Tirtanadi for customers to submit their complaints, eliminating the need for customers to visit the PDAM Tirtanadi Medan Denai Branch office in person.

Complaints are feedback on products or services used by customers, and the more complaints customers make, the more attention the company receiving the complaints needs to pay Indriyani & Mardian (2016) Complaint handling is a special case of customer interaction after consuming or utilizing a service (Supriaddin 2020)). Hart et al. (1990) state that complaint handling is a strategy used to resolve and learn from failures in order to rebuild trust. Customers will trust the capabilities of PDAM Tirtanadi Medan Denai Branch if PDAM Tirtanadi Medan Denai Branch is able to resolve complaints well, quickly, fairly, and openly discuss solutions in resolving customer problems because trust itself arises when a group believes that a partner has reliability and integrity (Morgan and Hunt in Tjahyadi, 2006).

3 The Effect of Customer Satisfaction on Customer Trust

Based on the results of the direct effect test, it is known that customer satisfaction has a positive and significant effect on customer trust. This is evident from the path coefficient value of 0.285 and the significance value of 0.000 < 0.05, which means that the higher the customer satisfaction, the higher the customer trust. The results of this study are consistent with the research by dos Santos et al. (2008) and *Madjid* (2013), where customer satisfaction has a positive and significant effect on customer trust.

Based on the distribution of responses, it is known that the average respondent still predominantly agrees with all statements, but some respondents have some issues, such as with the statement "The service provided by PDAM Tirtanadi Medan Denai Branch is already optimal," with the lowest mean value of 3.78, indicating that 6 respondents answered "strongly disagree." Based on these results, respondents feel

that there are still shortcomings in the services provided by PDAM Tirtanadi Medan Denai Branch, so it cannot yet be considered optimal. Similarly, for the statement "The services provided by PDAM Tirtanadi Medan Denai Branch meet standards," there were 4 respondents who strongly disagreed with a mean value of 3.99. This is due to the ongoing issues of water outages, low water pressure, and dirty water in the services provided, leading respondents to feel that the services provided by PDAM Tirtanadi Medan Denai Branch do not meet standards. This undoubtedly presents an important task for PDAM Tirtanadi Medan Denai Branch in restoring customer trust.

Customer satisfaction is defined as the level of feeling a person experiences after comparing the perceived performance or results with their expectations (Sunyoto, 2012). The services provided by PDAM Tirtanadi Medan Denai Branch are deemed unable to meet customer expectations due to ongoing issues. Customers may exhibit various negative reactions to their dissatisfaction, and ultimately, customers may terminate their relationship with the service provider (Smith, 1999). PDAM Tirtanadi Medan Denai Branch, as a clean water service provider, is expected to meet customer needs for water that is available whenever customers need it, flows smoothly, and meets clean water standards, namely odorless, tasteless, and colorless. Customer satisfaction is based on customers' past experiences, where those past experiences support the development of trust felt by customers toward the company, where customers believe in the company's honesty and ability to meet customer needs and demands (Walter et al., 2012).

4 The Effect of Service Failure on Customer Satisfaction

Based on the results of the direct effect test, it is known that service failure has a negative and significant effect on customer satisfaction, where the path coefficient value of service failure is -0.258, which is negative, and its significance value is 0.004 < 0.05, which means that the lower the service failure, the higher the customer satisfaction. This aligns with the research byKeiningham et al (2014) and Huifang (2020), where service failure has a negative and significant impact on customer satisfaction.

Based on the distribution of responses, it is known that respondents strongly agreed with the statement "The service products distributed by PDAM Tirtanadi Medan Denai Branch have shortcomings" with the highest mean value of 2.30. It is known that 15 respondents strongly agreed, which can be interpreted as meaning that the service products provided by PDAM Tirtanadi Medan Denai Branch have shortcomings. This is due to ongoing issues experienced by customers, leading to customer dissatisfaction. This is exacerbated by PDAM Tirtanadi employees being perceived as unfriendly in responding to customer complaints, as indicated by the statement "PDAM Tirtanadi Medan Denai Branch employees are unfriendly toward customers," with a mean value of 1.89, and 15 respondents agreeing. This should certainly be a concern for PDAM Tirtanadi Branch Medan Denai, as a company in the service industry should provide a good experience to customers to enhance customer satisfaction.

Failed service occurs when someone receives service that does not meet their expectations (Chou et al., 2009). When the service performance received falls below customer expectations, it leads to dissatisfaction. If customers are dissatisfied, they may experience negative emotions such as frustration, regret, and anger (Bonifield and Cole, 2007). The consequences of service failure can be seen in customers making formal complaints (Koc, 2011). Most service failures occur due to the behavior and attitudes of service company employees (Bitner, 1990). Bitner (1990) shows that customers are dissatisfied due to negative responses from employees. Customers describe such poor behavior using terms such as lack of attention, rudeness, lack of response, and lack of knowledge (Keaveney, 1995). Berry in Hess and Shankar (2003) states that customers can show tolerance for service failures when personalization and customization of services lead to social relationships with service providers, such as regular communication. As a service company, PDAM Tirtanadi Medan Denai Branch employees, especially frontliners, are required to be friendly to customers because every service interaction presents an opportunity to satisfy customers by improving existing services.

5 The Effect of Complaint Handling on Customer Satisfaction

The results of the direct effect test show that complaint handling has a positive and significant effect on customer satisfaction, as indicated by the path coefficient value of complaint handling, which is 0.595, and its significance, which is 0.000 < 0.05. This means that the higher the complaint handling, the higher the customer satisfaction. This aligns with research conducted by Shammout and Haddad (2014) and Fatonah and Panupi (2020), which also found that complaint handling has a positive and significant impact on customer satisfaction.

Based on the distribution of respondents' answers, it was found that respondents generally agreed, However, some respondents identified issues related to complaint handling, such as in the statement "PDAM Tirtanadi Medan Denai Branch is quick in resolving customer complaints," with a mean value of 3.97, where 7 respondents disagreed, indicating that PDAM Tirtanadi Medan Denai Branch is still lacking in responsiveness regarding complaint handling. Similarly, for the statement "PDAM Tirtanadi Medan Denai Branch apologizes for the issues that arise," there were 9 respondents who disagreed with a mean value of 3.82, indicating that respondents perceive PDAM Tirtanadi Medan Denai Branch employees as lacking empathy toward the issues faced by customers.

Complaint handling is a second opportunity to provide service and satisfaction to dissatisfied customers (Leboeuf in Indriyani and Mardiana, 2016). Effective complaint handling begins with identifying and determining the source of the problem causing customer dissatisfaction and complaints. This step is crucial as it determines the effectiveness of subsequent actions. The source of the problem must be addressed, followed up on, and resolved to prevent the same issue from arising in the future. In this case, the speed and accuracy of handling by PDAM Tirtanadi Medan Denai Branch are crucial. Dissatisfaction can grow if customers who complain feel that their complaints are not resolved properly (Supriaddin et al. 2015). The most important thing for customers is that the company must show concern, empathy, and regret for the customers' dissatisfaction and strive to improve the situation (Rizal and Furianto in Candrianto, 2021). Therefore, PDAM Tirtanadi Medan Denai Branch needs to train and empower company employees, especially frontline employees who interact directly with customers, to make decisions in handling such situations.

6 The Effect of Service Failure on Customer Trust through Customer Satisfaction

Based on the indirect effect test, it was found that service failure has a negative and significant effect on customer trust through customer satisfaction, as indicated by the path coefficient value of -0.074 and significance of 0.040<0.05. This is in line with the research conducted by Seungoog et al. (2004).

Based on the distribution of respondents' answers, it was found that some respondents still expressed unfavorable statements about the services provided by PDAM Tirtanadi Medan Denai Branch, such as the statement "The services distributed by PDAM Tirtanadi Medan Denai Branch have shortcomings," with the highest mean value of 2.30. This is because PDAM Tirtanadi Medan Denai Branch still has issues with its services and has not been able to meet customer expectations, leading to customer dissatisfaction. Regarding the statement "PDAM Tirtanadi Medan Denai Branch has slow service" with a mean value of 2.24, it was found that several respondents strongly agreed, indicating that the response provided by PDAM Tirtanadi to customer complaints has not been optimal. The statement "The handling carried out by PDAM Tirtanadi Medan Denai Branch is not in line with customer needs" has a mean value of 1.89, with 6 respondents strongly agreeing. This undoubtedly makes respondents feel dissatisfied with PDAM Tirtanadi Medan Denai Branch's service in addressing customer issues, thereby affecting customer trust.

Walter (2012) states that customer dissatisfaction resulting from service failures will lead to customer distrust in the company's performance. According to Halstead et al. in Namkung and Jang (2010), one service failure can lead to other similar service failures, which can then result in a series of service failures. PDAM Tirtanadi Medan Denai Branch is known to have shortcomings in terms of service distribution, where service failures are still experienced by customers. PDAM Tirtanadi Medan Denai Branch is required to make greater efforts to minimize existing service failures, as lower service failures will increase customer satisfaction and enhance customer trust in PDAM Tirtanadi Medan Denai Branch.

7. The Influence of Complaint Handling on Customer Trust through Customer Satisfaction

Based on the results of the indirect influence test, it is known that complaint handling has a positive and significant influence on customer trust through customer satisfaction, as indicated by the path coefficient value of 0.170 and the significance value of 0.000 < 0.05. This aligns with the research conducted by Ateke et al. (2015).

Based on the distribution of respondents' answers, it was found that respondents still felt some statements were less favorable regarding the statements provided, such as the statement "PDAM Tirtanadi Branch Medan Denai is quick in resolving customer complaints" with a mean value of 3.97. Some respondents still feel that the complaints they submit take a considerable amount of time to be addressed, leading them to perceive that PDAM Tirtanadi Branch Medan Denai has slow performance in handling customer complaints.

According to Kaihatu et al. (2015), complaints are the opposite of customer satisfaction. Customer complaints are one indicator, symptom, or sign of dissatisfaction with a company's products or services. If customer complaints are not responded to properly, this will undoubtedly have a negative impact on PDAM Tirtanadi Medan Denai Branch as it will affect customer satisfaction with PDAM Tirtanadi Medan Denai Branch. According to Hart et al. (1990), complaint handling can restore customer trust in the service provider organization. This is undoubtedly an important task for PDAM Tirtanadi Medan Denai Branch. The research results indicate that complaint handling has a positive and significant impact on customer trust through customer satisfaction. Therefore, PDAM Tirtanadi must improve and enhance its strategies in complaint handling to increase customer satisfaction and restore customer trust in the company. interact directly with customers, to make decisions in handling such situations.

V.   CONCLUSION AND SUGGESTION

Based on the analysis and discussion, several conclusions and recommendations can be drawn as follows:

1. Service failure has a negative and significant impact on customer trust in PDAM Tirtanadi Medan Denai Branch.

2. Complaint handling has a positive and significant impact on customer trust in PDAM Tirtanadi Medan Denai Branch.

3. Customer satisfaction has a positive and significant impact on customer trust in PDAM Tirtanadi Medan Denai Branch.

4. Service failure has a negative and significant impact on customer satisfaction at PDAM Tirtanadi Medan Denai Branch.

5. Complaint handling has a positive and significant impact on customer satisfaction at PDAM Tirtanadi Medan Denai Branch.

6. Service failure has a negative and significant effect on customer trust in PDAM Tirtanadi Medan Denai Branch through customer satisfaction.

7. Complaint handling has a positive and significant effect on customer trust in PDAM Tirtanadi Medan Denai Branch through customer satisfaction.

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