

REDEFINING THE ROLE OF SERVICE QUALITY AND CUSTOMER SATISFACTION IN CUSTOMER LOYALTY OF PRIVATE HIGHER EDUCATION

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Abstract

The relationship between service quality and customer satisfaction to customer loyalty during this time is considered as an established hypothesis because there are many studies that show a significant relationship between the three variables. However, a specific review of the relationship between service quality, customer satisfaction, and customer loyalty at some universities shows an interesting phenomenon. This study is a library reaseach. The purpose of the study is to fulfill the research gap that have been conducted by some researchers. The data obtained come the result of previous studies. . Based on the results of previous studies, it can be concluded that the quality of service and customer satisfaction have a significant influence on customer loyalty in the goods and services industry, in addition to the education industry. Two studies at college, Chang Li (2013) and Ham, Carrie Leugenia (2003) show that service quality and customer satisfaction did not affect customer loyalty. Thus, the established hypothesis that stated the significant influence of service quality and customer satisfaction on customer loyalty are still questionable in certain industries, especially in higher educational institutions.

Keywords: Marketing, Higher Education, Service Quality, Customer Satisfaction, Customer Loyalty

A. BACKGROUND

The needs of modern society for higher education are increasing rapidly. This is the main cause of the proliferation of institutions that offer higher education to the community. The emergence of these new educational institutions triggered increasing competition among private universities to ensure the people that they can fulfill the needs of society on higher education.

In order to sustain its existence, institutions offering college degrees begin to

treat their students as customers. Consequently, higher education institutions are now regarded as an education service provider industry (Chang Li: 2013). In the midst of an increasing number of institutions providing higher education services, private universities must find and use certain methods that can increase the number of students as well as maintain students' loyalty. There are many ways that private universities can perform, in order to maintain the loyalty of service users, one of them is by increasing the satisfaction of service users.

In addition to being influenced by internal factors, maintaining and increasing loyalty is influenced by various external factors. The widespread sale of programs and government policies on the recruitment of new students for state universities add to the tightness of the competition among universities. The state universities can attract prospective students at least through 3 ways, namely the National Selection of State University Entrance (SNMPTN), Joint Entrance Test for State University (SBMPTN), and admission through independent pathway (*jalur mandiri*). Therefore, private universities should be able to target the right markets in order to survive. In addition, customer needs and satisfaction are also important factors in order to compete with other universities.

There are two important things in fulfilling customer satisfaction, which are needs and desires of customer. It means that how the institution of higher education can meet the needs and desires of students as service users are the most urgent factors to achieve organizational goals. Fulfillment of these two things will affect the increase in customer satisfaction, which will further impact on increasing customer loyalty.

Increasing customer loyalty can be done in various ways, such as by paying more attention to improving service quality. The improvement of service quality may lead to the improvement of customer satisfaction. These two things become important, because the community's assessment of the good or bad of a college can be defined by how people know the college and how they assess the services provided.

Based on the explanation, I am interested in conceptually analyzing the relationship between the quality of customer satisfaction services, and the loyalty of private higher education service users in Jakarta.

B. LITERATURE REVIEW

Service quality is known as an antecedent to customer satisfaction (Taylor et.al., 2004: 217-227), which further affects customer loyalty. In other words, the quality of service is very important and affects customer satisfaction and loyalty. As an antiseden, service quality is a prerequisite to fulfill customer satisfaction.

1. Service Quality

Gasperz (2002: 181) defines quality as the totality of characteristics of goods or services used to meet a particular need. Quality is closely related to the need, therefore the word quality implies the existence of certain requirements in accordance with the expected customer. For companies that sell services, quality is more related to the process. In this case, consumers have an important role in the process of building a quality. On the other hand, firms that produce products prefer the results rather than the process. Therefore, consumer involvement in determining product quality is very small.

Lovelock (2002: 5) argues that service is an economic activity that creates and benefits customers at certain times. In other words, service is an action that is adjusted to the needs of service users. Kotler (2003: 85) defines service as an activity offered by one party to another. Thus, the main orientation of service is customer satisfaction.

From the definitions above, it can be said that service quality is a totality of the characteristics of a service oriented to the fulfillment of customer needs. In this case, the customer also has a right in determining whether a service can be said qualified or not.

Parasuraman et.al. (2002) suggest 5 dimensions of service quality as follows.

1. Tangible: the company's facilities are visible and can be used to meet customer needs, such as physical buildings.

2. Reliability: the ability of the company in providing services as expected by customers, such as timeliness, regularity.
 3. Responsiveness: responsiveness of service providers to customers, such as the ability to provide information quickly and correctly.
 4. Assurance: the ability of employees to convince customers that they feel they have a trust in a service, for example, sufficient knowledge of employees will have a great impact on customer trust.
 5. Emphaty: employee's concern to the user of service, for example attitude of kindness, understand and care to the customer.
2. Customers' emotion refers to a state of mind, feeling, or customer mood that can affect a customer's response to a product or service.
 3. Attribution of service success or failure, refers to the cause of an event affecting the customer's perception of satisfaction.
 4. Perceptions of reasonableness and fairness, refers to customer perceptions when comparing the treatment he gets with the treatment of other customers.
 5. Other users, in the sense that the information from other service users may affect the perception of satisfaction of a service, for example information that he obtained from family members, friends, or neighbors.

2. Customer Satisfaction

Kotler (2003: 61) states that satisfaction is a feeling of pleasure or disappointment that is felt by someone after he compares the perception of performance or the results of a product with his expectation. Thus, in satisfaction there are two major elements that are compared, that is, the performance or outcome of a product and customer expectations. On the other hand, customer expectations are also influenced by some factors, such as experience, opinions of others, as well as the promises of the company.

Smart company managers will always pay attention to customer satisfaction. This needs to be done to establish good relationships between companies and customers. Good relationships that exist between the company and the customer will make the company more competitive.

Zeithaml and Bitner (2002) put forward several things that affect customer satisfaction as follow.

1. Product or service features: customer satisfaction is influenced by product or service features directly.

3. Customer Loyalty

Kotler and Keller (2007: 175) underline loyalty as a commitment to buy or subscribe to a product or service in the future. This commitment is not influenced by the market situation that allows the change of behavior of market participants. Loyalty is divided into two, namely brand loyalty and store loyalty. Brand loyalty is a consistent use attitude over time over a brand. Brand loyalty is characterized by consistent purchases of specific brands. Store loyalty is a consistent attitude toward the selection of a store.

Mardalis, 2005: 34 states that the measurement of loyalty can be done through several methods as follow.

- a. Choice sequences are also referred to as repurchase patterns. This method is mostly done in supermarkets.
- b. Proportion of purchase (proportion of purchases) is done by testing the total purchases in a particular product group.
- c. Preference (option) is done with the option statement. This method is called a positive attitude statement towards a particular product.

- d. Commitment refers to an emotional factor that affects the consistency of a product's purchase.

For Kotler and Keller (2006: 57) loyalty can be measured from 3 factors, which are:

1. Repeat purchase, refers to loyalty to purchases of certain products.
2. Retention ie resilience to negative issues about the company.
3. Referral is the activity of referrencing the existence of a company to others.

C. PREVIOUS STUDY

Chang Li (2013) conducted research on service quality, customer loyalty, and word of mouth at several private universities in Taiwan. The findings in his research indicate that (1) service quality has a positive influence on customer satisfaction; (2) service quality does not affect customer loyalty; (3) Customer satisfaction has a positive effect on customer loyalty; (4) service quality does not affect WOM; (5) Customer satisfaction is not proven to affect WOM; (6) Customer loyalty has a significant positive effect on WOM.

Research on the variable quality of service, customer satisfaction, and customer loyalty has also been done by Taylor, et al.(2004). They examine the importance of the role of brand equity in customer loyalty in heavy equipment manufacturers. In his research, Taylor establishes customer loyalty as a dependent variable. Customer loyalty is divided into two categories, namely behavioral and attitudinal. The independent variables set forth in this study are customer satisfaction, value, barriers to change, influence, trust, and brand. Taylor, et al. Analyze data using SEM-based model testing. The results of the study of these experts found that: (1) Brand equity affects attitudinal loyalty; (2) Customer satisfaction affects attitudinal loyalty; (3) Customer satisfaction does not affect

behavioral loyalty; (4) Brand equity affects the behavioral loyalty.

Taylor, Steven A .; Hunter, Gary L; Linberd, Deborah L. (2007) examines the customer's understanding of brand equity in financial services. Research data were analyzed using SEM. The results of his research show that brand equity and customer satisfaction contribute to the formation of loyalty.

Tores - Moraga, Eduardo; Setoz, Vasquez - Parraga; Jorge Zamora - Gonzales (2008) conducted a study on the relationship between customer satisfaction and customer loyalty associated with products and brands. The variables studied in this research are brand selection as dependent variable and customer satisfaction and customer loyalty as independent variable. Data were analyzed using Structural Equation Model. This study shows a significant positive relationship between customer satisfaction and customer loyalty. In addition, Tores et al. also found a relationship between customer loyalty and brand selection.

Kasim, Norizan; Abdullah, Nor Asiah (2010) conducted a study on the effect of service quality dimensions obtained by customers on customer satisfaction, trust and loyalty in e-commerce. This study involves cross-cultural understanding among customers with two different nationalities, which are Malaysia and Qatar. Variables used in this research are customer loyalty as dependent variable; customer satisfaction and trust as intervening variable; quality of service as an independent variable. The dimensions used in service quality are ease of use, website design, response speed, and customization. The collected data was analyzed by SEM. The results show that: (1) Quality of service affects satisfaction; (2) Satisfaction affects trust; (3) Trust affects loyalty; (4) The influence of satisfaction on trust is influenced by cultural factors (Malaysian respondents show more confidence than Qatar's respondents).

Lee, Ming Chan; Hwan, Ing Shan (2005) examine the relationship between service quality, customer satisfaction, and profitability in the banking industry in Taiwan. The variables studied in this research are profitability as dependent variable, satisfaction and buying interest as intervening variable, and service quality as independent variable. Research data is analyzed by Meta Analysis Regression. The results of their research indicate that service quality significantly influence customer satisfaction. In addition, customer satisfaction affects profitability. Another finding in this research is customer satisfaction has an effect on buying interest.

Ham, Carrie Leugenia (2003) in his doctoral dissertation at Southern University found different research results from previous studies. Ham examines the relationship between service quality, customer satisfaction, and customer behavior in college. Variables used in this research are customer behavior as dependent variable, customer satisfaction as intervening variable, and service quality as independent variable. These research variables are then correlated. The results show that there is a significant correlation between service quality and customer satisfaction of the students. However, this study also shows that there is no significant correlation between customer satisfaction and loyalty.

Akbar, Sher; Som, Ahmad Puad Mat; Wadood, Fazli; Azaidiyen, Naser Jamil (2010) examine the effect of service quality on customer satisfaction and loyalty. Research data were analyzed by using s-QUAL and RecS-QUAL. The results showed that the quality of service directly affects customer loyalty. However, this study also shows that service quality has an indirect effect on Customer Value and Customer Satisfaction.

Wen, Chao; Qin, Hong; Prybutok, Victor R.; Blankson, Charles (2012) conduct research on the role of national culture with

regard to customer perceptions of quality, value, satisfaction, and behavioral intentions. The variables studied in this study are behavioral tendencies (behavioral intentions) as the dependent variable; customer satisfaction as intervening variable; perceived value, service quality and food quality as independent variables; age, gender, and culture (USA, China) as moderating variables. The analysis used to process the data is Partial Least Path Modeling (PLS - PM), a component based on SEM. The results show that the quality of service and quality of food affect customer satisfaction (in the USA is greater than in China). Furthermore, customer satisfaction affects customer behavioral intension (in China greater than in USA).

Another study conducted by Qin, Hong (2009) examines the relationship between perceived service quality, patient satisfaction, and behavioral intentions at Texas Hospital in a doctoral dissertation at the University of North Texas. Variable used in this research is customer satisfaction as a dependent; emotion, perceived value, perceived quality, and expectations as intervening variables; service quality, image, accessibility, assurance, availability, communication, efficiency, empathy, interaction, professionalism, reliability, response, security, tangible, engineering quality, recovery, and waiting time as independent variables. The results of this study indicate that the quality of technique, professionalism, ease of access, and efficiency are vital factors (urgent) that affect the service quality. Other results are service quality, expectation, positive emotion, value received, and image have a positive effect on customer satisfaction (patient). Another finding is the quality of service has a significant effect on customer satisfaction (patient).

D. METHOD

This study is a library reaseach. The purpose of the study is to fulfill the research gap that have been conducted by some researchers.

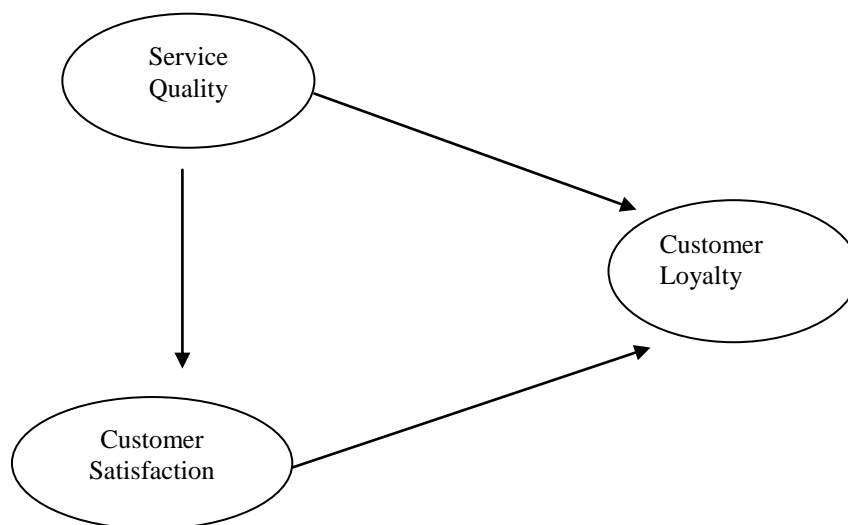
The data obtained come the result of previous studies. The results of these studies are analyzed and described descriptively, then reviewed the implications for private universities,

E. DISCUSSION

In the midst of an enormous increase in the number of college institutions and the opening of a variety of programs to recruit students at state universities, private universities must find and use certain means that can increase the number of students and maintain student loyalty. There are many ways that private universities can do, in order to maintain the loyalty of students, among them by improving the quality of service and customer satisfaction.

The conceptual model in this study is based on previous studies that examine the same variables with the variables in this study namely, service quality, customer satisfaction, and customer loyalty. The studies that become the reference for model making in this research are research conducted by Chang Li (2013), Taylor et.al. (2004), Tores et.al (2008), Kasim & Nor Asiah (2010), Lee & Hwan (2005), Ham (2003), Akbar et.al (2010), Wen et.al (2012) and Qin (2009). Based on the literature review, the framework of thought in this study can be described as follow.

Figure
Conceptual Framework



Sources: previous studies

1. The influence of service quality on customer satisfaction

Service quality is defined as the comparison between the quality expected with the quality received or perceived by the customer. If the quality received by the customer is appropriate or better than the

expected quality, the customer is satisfied. Conversely, if the service perceived by the customer is less than expected, the customer is not satisfied. Therefore, it can be said that customers assess the quality of service based on their perceptions and criteria. In other words, the assessment of the quality of service is not

performed by the service provider or the company, but based on the relative customer's judgment. According to Oliver in Wu (2006) assessment of service quality is a cognitive reaction and evaluation of specific attributes, while the assessment of satisfaction is more comprehensive, affective, and emotional.

Service quality and customer satisfaction is a variable that has been widely studied in various industries. Research conducted by Chang Li (2013), Kasim & Nor Asia (2010), Lee & Hwan (2005), Ham (2003), Wen (2012), and Qin (2009) indicate that service quality has an influence on customer satisfaction. Thus, the statement that service quality influences customer satisfaction is widely proved.

2. The Influence of Service Quality on Customer Loyalty

Brady and Conin in Wu (2006) observe service quality in a more flexible perspective. Both researchers point out that the perceived quality of customer service includes three things, namely (1) organizational techniques and functional quality; (2) services for products, inter services, and the environment; (3) the reliability, responsiveness, empathy, assurances, and tangibles associated with the experience of the service received.

Quality of service as a measure of "how well" services provided by the company in meeting customer expectations affect customer perceptions and loyalty to services obtained. Kandampully in Davis (2006) underscores that loyal relationships between customers and companies are created if the company is able to maintain an emotional bond with customers. One way to maintain an emotional bond can be done through continuous improvement of service quality. Kandampully's findings are consistent with the findings of many other studies that suggest that service quality affects

customer loyalty, such as Akbar et al. (2010) and Qin (2009).

Unlike other researchers who claim that customer satisfaction affects customer loyalty, Chang Li (2013) finds the opposite. The research results that was conducted by Chang Li explained that at the level of higher education in Taiwan, the quality of service does not affect customer loyalty.

3. The Influence of Customer Satisfaction on Customer Loyalty.

Customer satisfaction is a marker that the company has met customer expectations of the company's service to it. Cordozo in Chang Li (2003) argues that customer satisfaction will encourage the behavior of repurchasing products in the same company. In other words, customers who are satisfied with the services received from a company will have a loyal tendency to the company.

Research conducted by Kasim and Abdullah (2010) states that satisfaction affects customer trust and customer confidence affect customer loyalty. Another study that mentions the influence of customer satisfaction on customer loyalty is research conducted by Luarn & Lin (2003).

Conflicting research findings by Ham, Carrie Leugenia (2003) at Southern University. The results showed that there was no significant correlation between customer satisfaction and student loyalty.

F. CONCLUSION AND RECOMMENDATION

The relationship between service quality and customer satisfaction to customer loyalty during this time is considered as an established hypothesis because many studies that show a significant relationship between the three variables. However, a specific review of the relationship between service quality, customer satisfaction, and customer loyalty at some

universities shows an interesting phenomenon. Based on the results of previous studies, it can be concluded that the quality of service and customer satisfaction have a significant influence on customer loyalty in the goods and services industry, in addition to the education industry. Two studies at college, Chang Li (2013) and Ham, Carrie Leugenia (2003) showed that service quality and customer satisfaction did not affect customer loyalty. Thus, the established hypothesis that stated the significant influence of service quality and customer satisfaction on customer loyalty are still questionable in certain industries, especially in higher educational institutions.

Based on a review of several studies above, the authors suggest further research on the variables that affect customer loyalty are needed. This is considered important for higher education, especially private universities to maintain, even increase customer loyalty in order to compete with other universities.

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