

The Influence of University Quality, Price and Service Quality on Customer Satisfaction and its Impact on the Word of Mouth at the Faculty of Economics at Private Universities in Tangerang

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Abstract

Original Research Article

The decreasing in the number of student intakes is a indicator of whether good or not a University in Tangerang, during 1917/1918 and 1918/1919, there was a decrease in the number of student intakes from most private universities in the Tangerang area. by 64%, while 36% of Private Universities experienced an increase, so in this study researchers took a sample of 229 respondents, from two private universities in the area of tangerang, majoring in economics. In this study, we will examine whether university quality, price and service quality have a positive effect on WOM by using the SEM Method. And the result is that from University Quality, Price, Customer satisfaction and Service quality, what influences WOM according to the sequence is University Quality of 0.433 and Customer satisfaction of 0.392 and Price 0.087 significantly positive effect on WOM, and University Quality and Customer Satisfaction and Service quality have an effect positive amounting to R² is 0.742 or 74.2% of WOM. Whereas University Quality, Price and Service Quality have a positive effect on customer satisfaction at University Quality 0.259 and Price 0.374 and Service Quality 0.340, so that of the three variables the most influential on customer satisfaction is the second price is service quality and the third is university quality. And University Quality, Price and Service Quality have a positive effect of 0.78 or 78% of customer satisfaction. While Price is not significant because only 0.01 affects WOM and Service Quality is also insignificant because only 0.087 affects WOM.

Keywords: University Quality, Price, Service Quality, Customer Satisfaction, WOM.

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INTRODUCTION

According to data reported by PDDIKTI between 1917/1918 and 1918/1919, we can see that there are 21 private university were open in the Tangerang area. And if we see that from the 21 private universities that have been opened then from this study we see that the growth in the number of students between 1917/1918 and 1918/1919 from 184320 students in 1917/1918 became 201112 students in 1918/1919 so there was growth only 9%, and out of the 21 private universities, 14 universities experienced growth of less than 15% and 9 of them or 64% of these universities experienced 0% growth even minus, but 36% of the university experienced an increase, this is where an interesting phenomenon occurs, because there is a decrease and there is an increase. And this is caused by intense competition in the Tangerang area. So that each university competes with each other to compete

for new students. For this reason, this study will examine whether the quality of the school reflected in the promises given before becoming a student and at the time after becoming a student is in accordance with student expectations and also whether the price or the cost of higher education in accordance with the quality provided and also whether the services provided by tertiary institutions to students are in line with expectations, if the quality of tertiary institutions and the prices and services provided are as expected, the level of satisfaction of students will be high, and is expected to have a positive impact and encourage positive word of mouth, and later will assist in the promotion of the university and ultimately increase the number of students entering the university.

LITERATURE REVIEW

School Quality

According to Nora, W. D [1] school quality in the context of education includes education inputs, processes and outputs, where educational output is the result of the learning process and school management. According to Amri, S [2], where education output is usually divided into two parts, the first is academic achievement and the second is non-academic. And according to Chaniotakis, I. A [3] Service quality that directly influences Word of Mouth is empathy.

Price

According to Kotler, P. A [4] price is the amount of money that must be paid by customers to obtain products. And according to Nora, W. D [1], the concept of price for consumers is all forms of material that must be sacrificed by consumers to obtain, possess and utilize a number of combinations of goods and services of a product.

Service Quality

According to Madhobi Hossain, K. M [5], said that traditionally how we measure the difference between service expectations and services received, and according to Berry, A. P [6], said that service expectations are shaped by advertising, word of mouth and previous experience. If the service provided exceeds expectations, the customer will be happy, and if vice versa, the customer will be disappointed. According to Kotler [4] dimensions of customer quality are:

- Tangible: physical facilities, equipment and what is used by employees
- Reliability: the ability to be able to provide services as promised
- Responsiveness: the desire to help customers, so that service can be done quickly.
- Assurance: The ability to generate trust and confidence
- Emphaty: helpful, personal attention from the company which includes access, communication and understanding to customers.

Customer Satisfaction

According to [7] said that customer satisfaction is significantly affected by exogenous variables of product quality with a t-test of 5.49 and a brand reputation with a t-count of 2.76. While the Y indicator which is an endogenous switching behavior variable has a t-test value greater than 1.96 which states a significant relationship to each latent variable. According to this study, what significantly affects customer loyalty is product quality, in line with research conducted by [8]. According to Clemes, Gan, & Zheng [9] quality is one of the factors that can make someone stay resistant or switch to other brands.

Word of Mouth (WOM)

According to Nora, W. D [1] word of mouth is the oldest form of promotion, where a customer will provide honest information and recommendations to his friends about a product or service. And according to Kotler, P. A [4], word of mouth communication has two benefits namely, this communication is far more convincing because it is based on the experience of people who provide recommendations, so information from friends is far more trusted than from advertising.

Service Quality with Customer Satisfaction

According to Parasuraman Valarie Barry, A. Z [6], said that the construct of service was measured using SERVQUAL, which involved perceived quality. Perceived Quality is an assessment of customers for services performed whether Excellence or Superior, and is the result of a comparison between expectations and perceptions of performance performed. And according to Kotler, P. A [4], if the service provided exceeds expectations, the customer will be satisfied. In this study, where the quality of service according to Madhobi Hossain, K. M [5]. Viewed from several dimensions, such as Tangible, Reliability, Responsiveness, Assurance, and Emphaty in relation to Customer Satisfaction. And according to research conducted by Amri, S [2]. Customer satisfaction 0.729 Quality of service, this means, the quality of service to tangibility is positive and significant, This means the better the quality of service performed, the higher the level of customer satisfaction.

University Quality and Price, with Customer Satisfaction

Based on research conducted by Nora, W. D [1], it turns out that the relationship between University Quality and Customer Satisfaction has a significant effect. And from the results of the analysis it is proven significantly that customer satisfaction is strongly influenced by the quality of the school or university and price. And based on research conducted by Nora, W. D [1], then the most important indicator in measuring school quality variables is quality output that is able to create high achieving students and have broad insights where they can compete, and the second is university management, from which this management will exit strategies and policies that must be carried out by the University. In addition, in this study also measured the price determination factor which is the cost of education paid whether it is in accordance with the facilities and infrastructure provided by the university.

Customer Satisfaction with Word of Mouth

According to Nora, W. D [1], in his research shows that customer satisfaction has a significant effect on WOM. Thus it can be concluded that customer satisfaction has a close relationship with WOM, meaning that the higher the customer satisfaction, the higher the WOM.

Conceptual Model

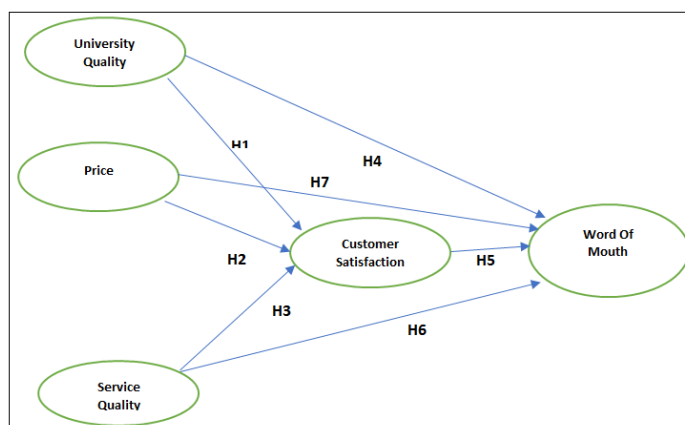


Fig-1: Conceptual Model

Hypothesis

- H1: University Quality has a positive influence on Customer Satisfaction
- H2: Price has positive influence on Customer Satisfaction
- H3: Service Quality has positive influence on Customer Satisfaction
- H4: University Quality has positive influence on Word of Mouth
- H5: Customer Satisfaction has positive influence on Word of Mouth
- H6: Service Quality has positive influence on Word of Mouth
- H7: Price has positive influence on Word of Mouth

So like the example above $n = (1,962 * 0.25 * 201112) / (0.12 * (201112-1) + (1,962 * 0.25)) = 95.99$ minimum respondents, the confidence level used is 95%, and P (1-P) according to the level of trust are as follows according to Hidayat, A [10]:

Table-1

p	P * (1-p)
0.5	0.25
0.4	0.24
0.3	0.21
0.2	0.16
0.1	0.09

RESEARCH METHODS

Population and Sample

The population in this study were two private universities operating in the Tangerang area, and sampling was conducted at the faculty of economics with nonprobabilistic sampling technique with purposive sampling (Judgment Sampling) because it was only aimed at students of the faculty of economics at the two private universities, and the number of samples to be taken is as many as 229 samples because the population of 21 private tertiary institutions according to PDDIKTI is 201112 students and according to Hidayat, A [10]:

$$n = \frac{Z^2 1-\alpha/2p(1-p)N}{d^2(N-1)+Z^2 1-\alpha/2p(1-p)}$$

Where,

N: Number of Population

n: Number of Sample

$Z_{1-\alpha/2}^2$ is Z score where 1- $\alpha/2$ level of trust 0.05 so $Z_{1-\alpha/2} = 1,96$ or $Z_{1-\alpha/2}^2 = 1,96^2$ rounded 4.

P = proportion estimation

d = limit dari error

Validity and Reability

According to Ahmad, S., Zulkurnain, N. N., & Khairushalimi, F. I [11], Determine the Validity and Reliability of the Structural Equation Model as shown in Table-6 below:

Table-2: Validity

Validity	Description
Convergent validity	The convergent validity is achieved if all items are measured in the model is significant. And Validity can be verified through Average Variace Extracted (AVE). If the value of AVE must be greater or equal to 0.5 to be said to be valid
Construct validity	A construct is said to be valid if Fitness Indexed reaches the Level of acceptance
Discriminant validity	The level of acceptance, and discriminant validity are achieved when the model is free from redundance items. Another provision in determining discriminant validity is that the correlation between variables must be less than 0.85. Besides that, R2 of AVE of constructions must be higher than the correlation between constructs

Table-3: Reability

Reliability	
Internal reliability	Internal reliability is achieved if the Cronbach's Alpha value is 0.6 or higher
Construct reliability	Measurements for the reliability and internal consistency of the variable are the values of CR > 0.6.
Average variance	Average Variance Extracted (AVE) is the average percentage of the variations explained by each construct, and where AVE > = 0.5

Table-4: Variabel dan Indikator

No	Journal	Variable	Indicator	Type Variable
1	Madhobi Hossain, K. M [5]. Assessing the Relationship between Service Quality and Customer's Propensity to Switch Brands in the Banking Industry of Bangladesh.	Service Quality:	Tangible: 1. Having Advance Equipment 2. Learning material provided is easy to understand 3. All facilities function properly	Independent Variable
2	Madhobi Hossain, K. M [5]. Assessing the Relationship between Service Quality and Customer's Propensity to Switch Brands in the Banking Industry of Bangladesh.	Service Quality:	Liability: 1. Provide services in accordance with the promise 2. Help solve the problem 3. Give advice in solving problems by not creating new problems	Independent Variable
3	Madhobi Hossain, K. M [5]. Assessing the Relationship between Service Quality and Customer's Propensity to Switch Brands in the Banking Industry of Bangladesh.	Service Quality :	Responsiveness: 1. Administration tells you when the service will be done 2. You don't wait long for a service 3. All officers try to help you 4. All officers do not feel busy to help you	Independent Variable
4	Madhobi Hossain, K. M [5]. Assessing the Relationship between Service Quality and Customer's Propensity to Switch Brands in the Banking Industry of Bangladesh.	Service Quality:	Assurance: 1. You feel safe in every service provided 2. Every time you are served politely 3. The Servant has sufficient knowledge to answer your questions	Independent Variable
5	Madhobi Hossain, K. M [5]. Assessing the Relationship between Service Quality and Customer's Propensity to Switch Brands in the Banking Industry of Bangladesh.	Service Quality:	Empathy: 1. You get special attention in service 2. You feel comfortable in the time of service provided to you 3. The service staff understands the needs and	Independent Variable
6	Nora, W. D [1]. the effect of school quality and price on customer satisfaction and its impact on the word of mouth.	University Quality	1. Pricing 2. Price Elasticity	Independent Variable
7	Nora, W. D [1]. the effect of school quality and price on customer satisfaction and its impact on the word of mouth.	Price	1. Pricing 2. Price Elasticity	Independent Variable
8	Nora, W. D [1]. the effect of school quality and price on customer satisfaction and its impact on the word of mouth.	Customer Satisfaction	1. Total Satisfaction Whole 2. Caring 3. Quick Response 4. Certainty Guarantee	Dependent Variable
9	Nora, W. D [1]. the effect of school quality and price on customer satisfaction and its impact on the word of mouth.	Word of Mouth	1. Topics 2. Bersedia merekomendasikan 3. Tracking	Dependent Variable

Profil Responden**Table-5: Respondent**

University	Amount	Percentage
• University 1	85	37%
• University 2	144	63%
Faculty	229	100 %
• Management dan Accountancy		

RESULT AND ANALYSIS**Indicator Test****Table-6: Uji Indikator**

Variable	Indicator	Indicator	Loading	Valid/ Not Valid
Service Quality :	Tangible: 1. Having Advance Equipment 2. Learning material provided is easy to understand 3. All facilities function properly	T1	0.590	Not Valid
		T2	0.514	Not Valid
		T3	0.627	Not Valid
Service Quality:	Reability: 1. Provide services in accordance with the promise 2. Help solve the problem 3. Give advice in solving problems by not creating new problems	RE1	0.767	Valid
		RE2	0.752	Valid
		RE3	0.590	Valid
Service Quality:	Responsiveness: 1. Administration tells you when the service will be done 2. You don't wait long for a service 3. All officers try to help you 4. All officers do not feel busy to help you	RES1	0.776	Valid
		RES2	0.773	Valid
		RES3	0.808	Valid
		RES4	0.760	Valid
Service Quality:	Assurance: 1. You feel safe in every service provided 2. Every time you are served politely 3. The Servant has sufficient knowledge to answer your questions	AS1	0.758	Valid
		AS2	0.704	Valid
		AS3	0.721	Valid
Service Quality:	Emphaty: 1. You get special attention in service 2. You feel comfortable in the time of service provided to you 3. The service staff understands the needs anda	EM1	0.792	Valid
		EM2	0.818	Valid
		EM3	0.803	Valid
University Quality	1. Pricing 2. Price Elasticity	SQ1	0.811	Valid
		SQ2	0.878	Valid
		SQ3	0.863	Valid
		SQ4	0.845	Valid
Price	1. Pricing 2. Price Elasticity	P1	0.965	Valid
		P2	0.965	Valid
Customer Satisfaction	1. Total Satisfaction Whole 2. Caring 3. Quick Response 4. Certainty Guarantee	CS1	0.860	Valid
		CS2	0.899	Valid
		CS3	0.887	Valid
		CS4	0.849	Valid
Word of Mouth	1. Topics 2. Ready to Recommended to others 3. Tracking	WOM1	0.914	Valid
		WOM2	0.960	Valid
		WOM3	0.945	Valid

Validity dan Reability**Table-7: Validity dan Reability**

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Customer Satisfaction_	0.897	0.899	0.928	0.764
Price_	0.926	0.926	0.964	0.931
Service Excellence_	0.919	0.921	0.934	0.638
University Quality_	0.871	0.874	0.912	0.722
WOM_	0.934	0.935	0.958	0.883

If we look at AVE (Average Variance Extracted) > 0.05 so it is said that Variable Customer satisfaction has AVE 0.764, price has AVE 0.931, service quality has AVE 0.640 and University Quality has AVE of 0.773 and WOM has AVE of 0.883 and all > 0.5 by Because it is said to be Valid, while to do

the reliability test, Cronbach's Alpha must be > 0.6, and where the CR Customer Satisfaction is 0.987 and the CR of the price is 0.926 and the CR of the Service Quality is 0.920 and the CR of the University Quality is 0.853 and the CR of the WOM is 0.934 where all are more than 0.6, so it says that the model is realible.

Discriminant Validity

Table-8: Discriminant Validity

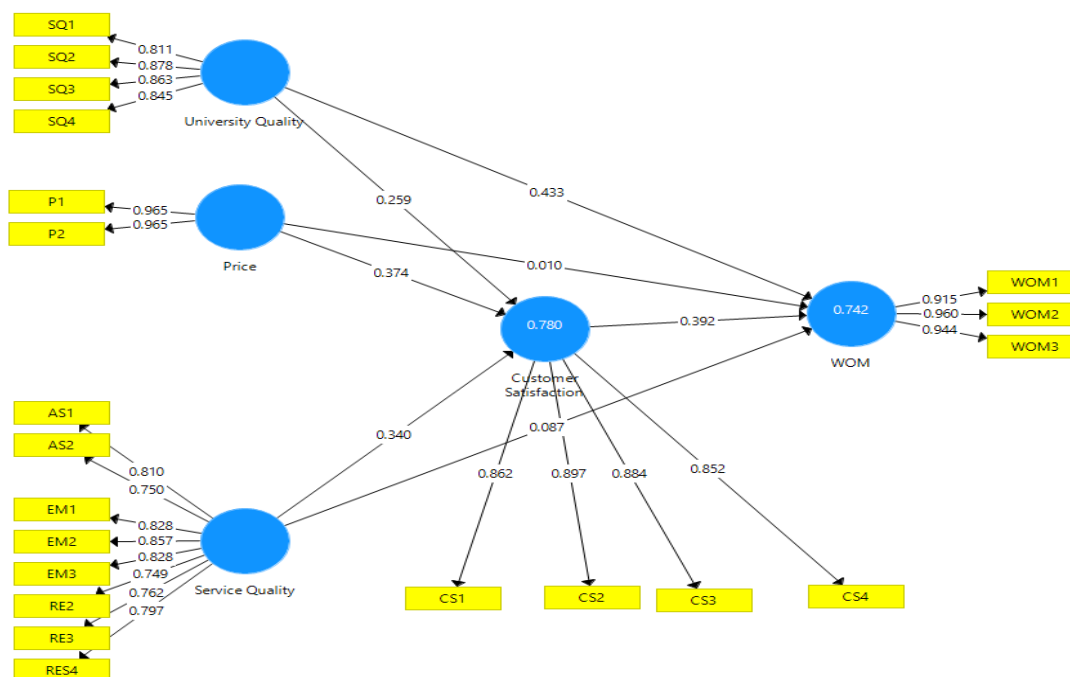
	Customer Satisfaction	Price_	Service Excellence_	University Quality_	WOM_
Customer Satis...	0.874				
Price_	0.818	0.965			
Service Exellen...	0.785	0.698	0.799		
University Qual...	0.799	0.798	0.709	0.850	
WOM_	0.815	0.737	0.709	0.816	0.940

If we look at Discriminant Validity, the data in the red box is higher than the data on the right and the bottom is therefore said to be valid.

Table-9: Inner VIF

	Customer Satis...	Price_	Service Excellence_	University Quality_	WOM_
Customer Satisfaction_					4.541
Price_	3.042				3.677
Service Excellence_	2.226				2.751
University Quality_	3.142				3.446
WOM_					

And Inner VIF Values < 5 so that there is no multicolliniarity between variables.



Gambar-2: Hasil Uji SEM

Table-10: Hasil Bootstrapping

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Customer Satisfaction_ -> WOM_	0.392	0.393	0.088	4.454	0.000
Price_ -> Customer Satisfaction_	0.374	0.372	0.059	6.358	0.000
Price_ -> WOM_	0.010	0.011	0.075	0.134	0.447
Service Excellence_ -> Customer Satisfaction_	0.340	0.343	0.058	5.895	0.000
Service Excellence_ -> WOM_	0.087	0.085	0.060	1.463	0.072
University Quality_ -> Customer Satisfaction_	0.259	0.258	0.069	3.744	0.000
University Quality_ -> WOM_	0.433	0.433	0.072	6.013	0.000

From the results of SEM processing, it can be concluded:

Accept H1 and reject Ho, so we get University Quality results that have a positive effect of 0.259 on Customer Satisfaction.

Accept H2 and reject Ho, so we get the result that Price has a positive effect of 0.259 on Customer Satisfaction, this means that price plays an important role in influencing customer satisfaction, or in this case the satisfaction of students who have entered a college, they will compare how much sacrifice is What price is done in commensurate with the satisfaction they get.

Accept H3 and Reject Ho, so that Service Quality results have a positive effect of 0.340 on Customer Satisfaction, this means that the efforts made in service quality are especially in indicators, Assurance in the form of AS1 (Feel safe) and AS2 (Served with Polite), Emphaty in the form of EM1 (Special Attention), EM2 (Feeling Comfortable), EM3 (Understanding your needs) and Resposiveness in terms of RE2 (Not waiting for long), RE3 (Willing to help), and RS4 (Not feeling busy helping).

Accept H4 and Reject Ho, so that the University Quality results have a positive effect of 0.433 on Word of Mouth, this is the biggest factor in generating a positive WOM effect, and in the indicators that are in University Quality then SQ1 (Teacher Quality), SQ2 (Infrastructure), SQ3 (Management), SQ4 (Quality output) then SQ2 (0.878), SQ3 (0.863), SQ4 (0.845), SQ1 (0.811) based on their order of influence

Receive H5 and Reject Ho, so that the Customer Satisfaction result has a positive effect of 0.392 on Word of Mouth

Accept H0 and Reject H6, so that the results obtained Service Quality has a positive effect of 0.087 on Word of Mouth, and based on the Bootstrapping results, the results show that the relationship between Service quality and WOM is not Significant, this means that how much and how good service quality does not affect WOM.

Accept H0 and Reject H7: Price has a positive effect on 0.087 Word of Mouth, and based on the results of bootstrapping, the results show that the relationship between price and WOM is not Significant, this means that how much price does not directly affect WOM From University Quality, Price, Customer satisfaction and Service quality, the influences on WOM according to the sequence are University Quality of 0.433 and Customer satisfaction of 0.392 and Price 0.087 significantly positive effect on WOM, and University Quality and Customer Satisfaction and Service quality have a positive effect of R2 is 0.742 or 74.2% of WOM.

Whereas University Quality, Price and Service Quality have a positive effect on customer satisfaction at University Quality 0.259 and Price 0.374 and Service Quality 0.340, so that of the three variables the most influential on customer satisfaction is the second price is service quality and the third is university quality. And University Quality, Price and Service Quality have a positive effect of 0.78 or 78% of customer satisfaction.

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