

## THE ROLE'S OF SERVICE QUALITY DIMENSION AND PERCEIVED VALUES FOR INCREASING CUSTOMER LOYALTY

Rahmat Hidayat, Agus Maolana Hidayat, Nellyaningsih

Telkom applied Science School, Telkom University, Bandung, Indonesia

### Abstract

#### purpose-

This study was undertaken with a purpose to investigate and to know the extent to which the influence of element - the element of service quality on customer loyalty, which is more instrumental elements, whether the elements are physically real or otherwise?, Where researchers also added an element of Perceived value can also be a contribution in improving customer loyalty , this study also aims to compare the reality and expectations of the variable quality of service, perceived value and loyalty that occurs in an educational service agency.

#### Design / methodology / approach.

Analysis carried out two stages , first through pathways analysis to determine the role/influence either partially or simultaneously variable service quality and customer loyalty value, then we use Importance Performance Analysis ( IPA ) in order to know the level of Importance and Performance of quality attributes services , perceived value and customer loyalty are described in the tabulation or quadrant, so that we can determine the level of Importance and Performance of these attributes based on customer perception.

#### Finding

Knowing the role of perceived value attributes more higher than service quality for improving customer loyalty either partially or simultaneously

#### Practically implications –

Based on student perceptions questionnaire answers , showed no need for a top priority that must be done by Telkom University and Attributes of perceive value should be maintained by Institution is image that the institution has a good performance that has created a superior students (Q20) , institutions have a good image in the eyes of students (Q23) and feel proud and satisfied to university telecoms ( Q27)

#### Originality / value

Comparing the magnitude of the effect between service quality and perceived value on loyalty through each attribute as seen from the level of importance and performance through tabulation or quadrant as well as the overall significance level.

**Keywords:** *Service quality, perceived value, customer loyalty*

### INTRODUCTION

The service sector plays an increasingly important role in the economies of many countries in the world . The importance of service and research service has been emphasized in recent research priority is determined by (Ostrom , 2010) . In the academic world , there is a wealth of research conducted to address various issues in marketing services , including consumer behavior towards the service (e.g., Taylor and Baker, 1994, Kang and James , 2004; Cheng *et al* , 2008). At the current paradigm that higher education is not a cost but highly profitable investment increasingly accepted. In the countries of the Organization for Economic Co-operation and Development (OECD) , the number of people aged adults who completed higher education reached 28 % of the population of highly educated in Japan , the United States reached nearly ( 48 %) of the world population who acquire higher education (OECD, 2010, p 27). The problem in Indonesia alone access to higher education level is lower than Southeast Asian countries other. In 2010, the Gross Enrollment Ratio (GER) lower levels of education in Indonesia. Indonesia is located on level (14.6%), while Malaysia (28.3%), Thailand (35.5 %) and Singapore (33.7 %) (Source: Marketing Mix Magazine 08/X/Augusts edition 2013) . On one side of the low GER may have an impact on the decline in Gross Domestic Product (GDP), but on the other hand it will be an opportunity for those who wish to make a private educational institution . Based on data from the Ministry of

National Education 2011, The number of Indonesian students currently only five point three (5.3) million people , one (1) million came from universities , three (3) million coming from private universities and the rest of the college official , religious and so on . The figure also beyond those educated outside the country. According to estimates each year about 36 thousand Indonesian students who go to college abroad The magnitude of the growth opportunities in the Indonesian society through higher education make college competition in finding and recruiting new students from year to year is difficult , especially in added government regulations on licensing to make a college not too tight , which in turn many private colleges sprung incompetent .

Telkom Education Foundation is an educational foundation created by PT . Telkom, which oversees 4 educational institutions (Telkom Institute of Technology, Institute of Management Telkom, Telkom Polytechnic , STISI) always responsive to changing times and the needs of education in each year. Various strategies in developing college conducted under the auspices of the YPT group, ranging from changing the name of each institution, college acquisition until the unification of the four educational institutions into a university with the name Telkom University. The unification of these four institutions is not easy , because certainly many different things between the four institutions that should be united , not only the rules , curricula , academic calendar, organizational culture and various physical facilities available at each institution. The existence of the unification process will certainly make the turmoil of the institutions that are united either from

students or from structural. This turmoil is a reflection of the attitude of dissatisfaction or concern for the future of the institution they are not as good this time.

As we all know, the number of students who enter with students who come out every graduating class must always be different , this is because there are student dropout (DO) , there are students who move to other universities , there are students who died and there are students who resign because they do not able to pay for college . Hence the need for corrective action to the level of loyalty towards college students increased.

Customer loyalty may be created through the development of long-term , mutually beneficial relationships with customers (Athanasopoulou , 2009) . This study aimed to explore the extent to which respected contribution or role of service quality and customer value on loyalty Telkom university students.

## LITERATURE REVIEW

According to Smith in Hurriyati (2010 :130-131 ) revealed that customer loyalty cannot be created just like that , but it must be designed by the company and one of the actions that are necessary to manage the quality of services appropriately . Quality if managed properly, then it will contribute positively to the realization of customer satisfaction and loyalty (Tjiptono , 2012:153) . This is similar to what is said Helistiani *et. al*, 2012 in his research that the quality of services affect customer loyalty . Service quality affects customer loyalty together ( Setyorini , 2012) . There are five dimensions of service quality which are prepared in accordance relative importance, namely reliability, responsiveness, assurance, empathy and

Tangible (Zeithaml, et al., 2009:111). The quality of services is also partially influence on customer loyalty (Hafeez and Muhammad, 2012). According to Griffin (2009:15) refers to assessing the form of loyalty over the behavior of decision-making units to make purchases continuously to the goods / services of a company. Value (value) is the destination terminal and the instrument or where directed behavior, and goal achievement goal (in Hurriyati Engel, 2010). partially or simultaneously, customer value, brand awareness, switching barriers have a significant effect on customer loyalty (Friska Agnanda & Naili Farida, 2009). This customer value had influence to customer satisfaction, the more satisfied the customer more satisfied customers (mardikawati, 2013). Customer value can be seen both from the view of the customer and the company, but an integrated view of both perspectives to study the value of the customer (Landroquez et al., 2013).

Quality of service and customer perceived value has a strong influence on customer loyalty significantly (Ishaq, 2012). There was also a strong relationship between the Customer Loyalty, Customer service and service quality among customers (Chodzaza et al. 2013) and of course it is necessary to increase customer loyalty created loyalty program

## RESEARCH MODEL & DISCUSSION

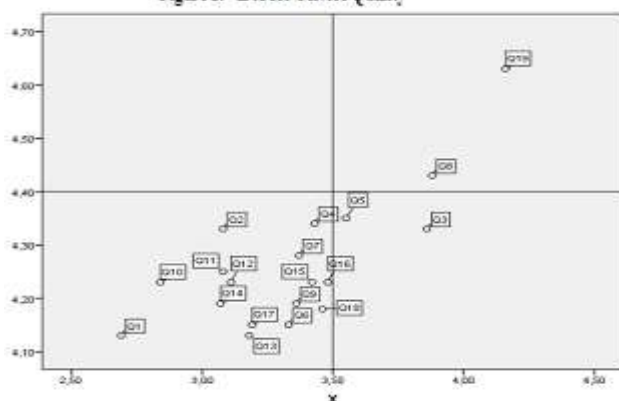
This study was conducted to describe the extent of services and customer value created by Telkom University in an effort to improve student loyalty. The number of students are used as samples in the study came from a variety of courses for 120 people. The results of the questionnaire answers before processing and analysis of data prior testing that has met the validity and reliability. The results obtained processing niai Cronbach's Alpha reliability of .882 to .814 for the quality of services and customer value, and 0,800 for customer loyalty. As for all the questionnaire items have had validity because Corrected Item - Total value greater than the value Correlation Product Moment Correlation.

Service quality and customer value provided by the institution Telkom University is one factor that is an option for students to determine their loyalty to the institution. Advantages and disadvantages of the above indicators / attributes of service quality perceived by the students to use analytical Importance Performance Analysis (IPA) and the presence or absence of a significant difference over the factors to compare means using ANOVA test.

Figure 1. Above, shows the Cartesian diagram that brings the level of reality, and the level of interest / expectations and is divided into 4 sections which can be explained as follows:

- Quadrant I (Priority A)  
Attributes that fall into this quadrant should be increased or become a priority, but results in student perceptions questionnaire answers, showed no need for a top priority that must be done by Universitas Telkom.
- Quadrant II (B. Preserve)

Figure 1. IPA for Service Quality



Attributes that are considered important by consumers / students and are in accordance with which he felt should be maintained so that the quality of the service include: Knowledge that has been taught at the Institution in accordance with the program of study (Q8) and feel will be successful after graduation (Q19) .

- c) Quadrant III (C. Consider)  
The attributes that can be considered even though consumers / students pay less attention to the benefits of the service that it provides , but still need to be given in the course of his services diantaranya services: strategic campus location (Q1), the campus environment both within and around the campus is clean (Q2), Facility Detailed laboratory (Q4), All staff provide solutions and assistance to students (Q6), All employees providing clear information about the academic activities (Q7), employee deliver the quality promised (Q9), student grades in a timely announcement (Q10), Institutions responding to student complaints seriously (Q11), a student overpayment refund is returned on time (Q12) , Employees have a high responsiveness in service (Q13), Employees can help resolve student complaints quickly (Q14), Employee being friendly in serving students (Q15) , Employees being polite in serving the student (Q16) , feel safe when delivering his complaints to the employee (Q17) and services rendered to make the students feel confident to complete college (Q18) .

- d) Quadrant IV (Low Priority D)  
Attributes that are considered less be concerned or ignored by students of the benefits of services provided Telkom University , but the Telkom University has provided good services, including:

complete classroom facilities include a white board , projector , air conditioning , etc. (Q3) and Common Facilities include praying , waiting rooms , restrooms , parking , ATM , etc. are already comfortable (Q5) Test results ranking performance indicators / quality attributes conducted by the Telkom University can be described by Levine Statistics and Duncan in Table 1 and Table 2 . below as follows :

Table 1. Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
3,811	4	595	,005

Table 2. Value of Service Quality

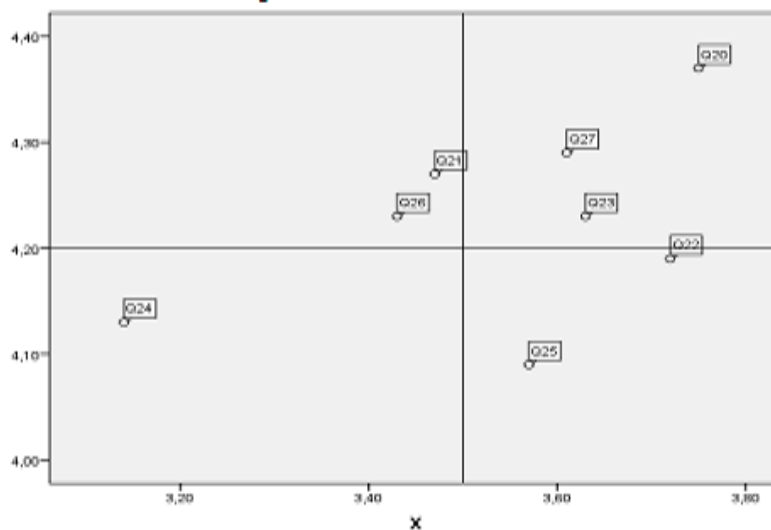
Service Quality	N	Subset for alpha = 0.05			
		1	2	3	
Duncan <sup>a</sup>	Responsiveness	120	3,1250		
	Reliability	120	3,2533	3,2533	
	Tangibles	120		3,3200	
	Empaty	120		3,3458	
	Assurance	120			3,5400
	Sig.		0,138	0,316	1,000

Sig Asymp count on Levene Statistic is 0.005 smaller than  $\alpha = 0.05$ . Then H0 is rejected and H1 is accepted so it can be concluded that there are significant differences between the factors in the quality of services. Successive factor better Empaty Assurance and Tangibles and Empaty factors and better Tangibles Responsiveness of factors perceived by students to the quality of services provided by Telkom University.

Figure 2. Above , shows the Cartesian diagram can be explained as follows

- a) Quadrant I (Priority A)  
Attributes that fall into this quadrant should be increased or become a priority , the results of questionnaire answers in students' perceptions ,

Figure 2. IPA for Perceived Value



indicate that the main priority should be carried out by the University - Telkom , including : Creating more value for the quality of student services (Q21) and the benefits of lecture I get still more energy than I spend (Q26).

b) Quadrant II (B. Preserve)

Attributes that are considered important by consumers / students and are in accordance with which he felt should be maintained so that the customer values such as: Institution has a good performance that has created a superior students (Q20) , institutions have a good image in the eyes of students (Q23) and feel proud and satisfied to university telecoms (Q27)

c) Quadrant III (C. Consider)

The attributes that can be considered even though students pay less attention / ignore , but still need to be considered in creating customer value for university students Telkom: Tuition at these institutions is still quite reasonable ( Q24 ).

d) Quadrant IV (Low Priority D)

Attributes that are considered less be concerned or ignored even though students pay less attention / ignore , but Telkom university institution has provided good customer value , including : having pride a student at YPT Group ( Q22) and the length of time until the end of the lecture is still quite reasonable (Q25)

Test results ranking performance indicators / quality attributes conducted by Telkom University can be described by Levene Statistics and Duncan in Table 3 and Table 4. below as follows:

Table 3. Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
4,529	1	238	,034

Table 4. Descriptives

Item	N	Mean	Std. Deviation
Material Benefit	120	3,6417	0,71356

Based on Tables 3 and 4 obtained Asymp Sig count on Levene Statistic is 0.005 smaller than  $\alpha = 0.05$  . It showed no significant difference between customer values is a factor in material gain is greater than the benefit perceived by the students time to customer value created by Telkom University.

As to determine the effect of quality of service (X1) and customer value (X2) on customer loyalty (Y) used a simple linear regression model, but will first be tested to determine the suitability of classical assumption of the model. Hypothesis testing to determine whether or not a significant independent variable on the

dependent variable. Classical assumption test done as a requirement in the use of multiple linear regression analysis , namely , normality test , heterokedastisitas , multicollinearity and autocorrelation test. Test for normality with the Kolmogorov - Smirnov test results obtained Asymp . Sig (2 tailed) of 0.872 for the quality of service (X1) , and 0.310 for customer value (X2) , amounting to 0.134 for customer loyalty (Y) values above 0.05 indicate that all the data is included in the normal category.

To test whether the variance of the residual homogeneous Glesjert test was used, ie by regressing each independent variable on the absolute value of the residuals (errors). All the regression coefficients of the independent variables are significant at the 5 % error rate, meaning the model indicate absence of heteroscedasticity.

Test Multikolinier used Variance Inflation Factor (VIF) , multicollinearity test results. VIF values for the second independent variable of 2.052 is smaller than 5. Additionally tolerance value 0.487 is greater than 0.05 this indicates the absence of strong correlations between the independent variables (no multi-kolinieritas between independent variables).

To determine the presence or absence of symptoms used autocorrelation Durbin Watson test , obtained for 1,764 located in the area between  $du < DW < 4 - du$  which indicates the absence of autocorrelation in the multiple linear regression model.

Table 5. Model Summary

Mode	R	R Square	Adjusted R Square	Std Error of the Estimate
1	,757	,574	,566	1,78462

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

Based on Table 5. above can be shown correlation coefficient of 0.757, which means a strong connection to the variable quality of service (X1) and customer value (X2) jointly towards customer loyalty variable (Y). The deterministic coefficient of dominance (Adjusted R Square) of 0.556 which shows the variance changes in the variable quality of service (X1) and customer value (X2) can explain the variance changes in customer loyalty (Y) by 56.6%, the remaining 33.4% are the influence of other factors.

Based on Table 6. F test results have sig

Table 6. Coefficient regression Analysis Simultan Result ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	501,337	4	125,669	78,706	,000 <sup>a</sup>
	Residual	372,630	117	3,185		
	Total	873,967	119			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

is less than 0.05 it indicates that the quality of service (X1) and customer value (X2) jointly have a significant impact on customer loyalty (Y).

Table 7 Significances coefficient Regression Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1,881	1,158		1,625	,107
HT	,069	,025	,241	2,784	,006
IKK	,332	,051	,566	6,547	,000

a. Dependent Variable : HPP

For each independent variable has a value of less than 0.05 sig This suggests that the quality of service (X1) and customer value (X2) respectively had a significant impact on customer loyalty (Y).

Form of multiple linear regression equation that can be made as follows:

$$\hat{Y} = 1,881 + 0,069X_1 + 0,332X_2$$

Based on these models can explain that any increase in quality of service (X1) by 1 scale will impact on customer loyalty services (Y) equal to 0.069 for each increase in scale and customer value (X2) by 1 scale will impact on customer loyalty (Y) equal to 0.332 scale. Thus, when taken together increased 1 student perceptions on service quality scale (X1) and customer value (X2) together will lead to an increase of 0.401 scale on customer loyalty (Y) for students at Telkom University

## CONCLUSION

1. Most measures of service quality is still not satisfactory or not meet the expectations of students , and some small indicators have met the expectations of students at Telkom University. Overall the students' perceptions of quality of service that should be given to students in Telkom University between neutral and agree categories have performed / executed.
2. Successive factors of service quality perceived by students, provide different qualities, namely : Assurance factor greater than Empaty and Tangible, Reliability and Responsiveness then factor .
3. Most measures of customer value created by the University Telkom has met the expectations of students , only a fraction indicators that do not satisfy the customer value for the students . Customer value created is materially greater than the value of the customer with regard to time .

The influence of customer value is greater than the quality of service in improving the loyalty of students at Telkom University. Both provide a means for increasing influence student loyalty to Telkom University.

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