Innovations on Service Quality: Rising Students’ Satisfaction and Loyalty

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Abstract: The purpose of this study is to empirically test and analyze the influence of Service Quality on Satisfaction and its impact on Student’s Loyalty at Faculty of Economics, Lancang Kuning University. This research is a descriptive method (survey) in a design of quantitative approach. The data used are primary and secondary. The population in this study is the entire number of the third-semester students of Faculty of the Economics University of Lancang Kuning with a sample size of 100 people adopting slovin’s proposition. The sampling technique is nonrandom sampling technique with accidental sampling method. The data analysis is adopting Warp.PLS. The results showed that there was a significant influence of physical dimension, reliability, and assurance of customer’s satisfaction, while the aspects of responsiveness and empathy were not substantial. The variable of happiness has a significant influence on loyalty. The results also showed that the determinants of all dimensions and variables have a positive relationship, both from the aspect of service quality to satisfaction and satisfaction with loyalty. Thus, if the aspect of service quality is improved, happiness will also increase; if the satisfaction is increased, loyalty will, then, increase positively.

Keywords: Quality of Service, Satisfaction, and Loyalty

1. Introduction

The success of university’s management is dependant on faculty's management. Every service is the consequence of icon of the university that is so-called ‘Tri Dharma Perguruan Tinggi’ functioning in three different domains, that is, education, research, and community services. The essence of management of a University and its Faculty is corresponding to the academic field regarding the coursework activity within its various facilities and infrastructure. And thus, an academic field is supposed to have the great role in the achievement of service at the College. Based on the functions and duties above, it is obvious that academics have a considerable role for the advancement of a Faculty, and therefore, it is required to provide planning, organizing, mobility and supervision besides setting forth good cooperation with other fields. Service to students is done through three (3) fields, namely academic field, in which it serves students in learning and teaching, i.e., how teaching and learning can be in line with the national standard. Financial and administration serve students regarding administration, i.e., administrative service from registration and registration of each semester. It also provides service to the availability of facilities and infrastructure that support the process of teaching and learning. And the third is Student Affairs in which it provides services to students through student bodies and institutions. This field provides and supports students to improve their knowledge and skills in managing the organization.

Regarding the above explanation, this research is trying to see how the quality of service provided by Faculty has been able to satisfy users, in this context, the students. Service is a product in the form of services in which the performance in marketing is different than the product or goods. The service itself is all action or performance offered by one party to the other party that is principally intangible and does not lead to the transfer of ownership (Kotler and Keller 2009). Guests Kotler in
Lupiyoadi (2008) defines that the service is any action or activity that can be offered by one party to the other party, inherently intangible and does not result in ownership of any kind. Production services can be related to physical production or vice versa.

While the service has several characteristics which according to Zeithaml and Bitner in Wahjono (2010), i.e., the intangible, inseparable (inseparability), varying (variability), and quickly destroyed ( perishability). Service in marketing depends upon the quality of the services provided because service quality will give satisfaction to the users.

Quality of service reflects a comparison between the level of service provided by the institution compared to the company's expectations of the customer. Service quality is manifested through the fulfillment of customer's needs and desires as well as the timeliness of delivery fulfilling or exceeding customer's expectation. (Tjiptono, et al. 2011). While Satisfaction according to Zeithaml and Bitner in Wahjono (2010) is a comparison between the expected services (expectation) and performance (perceived performance). Contentment is a feeling of happiness or disappointment felt after having compared performance products that are primed against the expected performance. If the return is below expectations, the customer is not satisfied. If the performance meets expectations, customers are happy. If the performance exceeds the expectations, customers are very satisfied or happy (Kotler and Keller, 2009).

The awarding of the quality of service expected to create satisfaction results in a level of loyalty. Then, Griffin (2005) proposed benefits that would accrue to the company when a customer has commitment, among others are. Reduce marketing costs (due to an expensive promotion cost), Reduce transaction costs (such as costs of negotiating contracts, processing orders, etc.), Reduce the cost of customer turn over (because of fewer customer turn over), Increased cross-sales that will enlarge the market share of the company, Words or people’s testimony is more positive on the assumption that loyal customers are satisfied customer, Reduce the costs of failures (such as the cost of turnover, etc.). As for the characteristics of loyal customers, there are some hints to ponder as follow: Makes regular repeat purchase (purchase restarted regularly, Purchases across product and service lines (making a purchased product lines more from your company), Refers others; and (gives references to other people), Demonstrates in immunity to the pull of the competition (indicates resistance to the tearing of the competitor/not easily influenced by persuasion of competitors.

Services are activities, benefits, or the satisfaction of being offered for sale. For example, motor vehicle repair workshops, beauty salon, fitness center, skills courses, restaurants, hotels, hospitals, universities, service delivery and others (Tjiptono & Chandra; 2011). The success of the service in achieving the goal is very dependent upon the quality of service provided for its customers where the quality of service reflects a comparison between the level of service delivered by the company and compared with the expectations of the customer. Quality of service is through the fulfillment of customer’s needs and desires as well as the timeliness of delivery by an offset or an exceeding expectation of the customers (Tjiptono et al. 2011). Quality gives an impetus to the customer to establish strong ties with the company. (Parasuraman in Sangadji and Sopiah; 2013). Quality of services as the expected level of excellence might control the level of excellence to meet customer's need (Sangadji & Sopiah; 2013). Kotler in Alma (2005:284-285) reveals, there are five dominant factors determining the quality of the service, abbreviated as TERRA, namely: Tangible; in the form of the appearance of physical facilities, equipment and various communication material, attractive, well kept, smooth, etc; Empathy i.e. willingness of employees and employers to provide more care attention personally to its customers; Responsiveness; the willingness of employees and employers to help customers and deliver services quickly as well as hear and resolve complaints/complain of consumers; Reliability; the ability to provide the service in accordance with the promised-reliably, accurately and consistently; Assurance; namely in the form of employee's ability to evoke the confidence and trust of the promises that have been put forward to the consumer.
Study on Serqual by Parasuraman in the Lupiyoadi (2008) concluded that there are five dimensions of service quality which is called the SERVQUAL. The five aspects of quality of service are as follows: Tangibles; the ability of a company to its existence in showing the external. The appearance and abilities of physical facilities and infrastructure of a reliable company, the State of the surrounding environment is tangible evidence of the services provided. This includes the physical facilities (e.g., buildings, warehouses, and others), equipment and appliances to be used (technology) as well as its appearance; Reliability; the company's ability to provide service by the promised accurately and reliably.

Performance should be in accordance with customer's expectations as of timeliness, of the same service to all customers without mistakes, the sympathetic attitude, and with high accuracy; Responsiveness; a policy, a willingness to assist and provide fast service (responsive) and directly to the customer with the submission of the precise information. Let the consumers wait for a negative perception in the quality of service; Guarantee and assurance; knowledge, courtesy, and the ability of the employees to foster a sense of liability towards its customers to trust the company. This includes several components, which are among others, communication, credibility, security, competence, and courtesy; Empathy; gives a sincere individual or personal and provided for the customer by working to understand the desires of the consumer. Where a company is expected to have an understanding and knowledge of the customers, understanding customers needs accurately, and have the time of the operation which is convenient for customers. The quality of service provided will be rewarded. If the customers/consumers are satisfied, then they will be consumer/customer. Instead, they'll be out or run away from this services.

According to Kotler, satisfaction is the level of a person's feelings after comparing performance or results that he felt compared to the expectation (Kotler et al., 2000). While Tse and Wilton in Lupiyoadi (2004) said that satisfaction or dissatisfaction of the customer is a customer's response towards the evaluation of discrepancies (disconfirmation) perceived between expectations and actual performance of a perceived product after use. Wilkie defines it as an emotional response to the evaluation of the experience of the consumption of a product or service and Engel, States that a full evaluation of customer satisfaction is where to buy the chosen alternative at least equal or exceed customer expectations, while the dissatisfaction occurs if the results (outcomes) does not meet expectations (Tjiptono, 2004).

Customer’s satisfaction is customer’s response towards the mismatch between the importance and actual performance perceived after discharging (Rangkuti, 2002). Customer’s satisfaction is influenced by the perception of the quality of service, product quality, price and factors that are personal and tentative. Customer’s satisfaction has become a central concept in the discourse of business and management (Tjiptono and Chandra, 2011). Customers expect products in the form of goods or services consumed that is acceptable, and it enjoys good service and satisfying (Assauri, 2003). Customer’s satisfaction can shape perceptions and then reposition of the company's products in the eyes of its customers.

If the performance is below expectations, the customer is not satisfied. If the return meets expectations, customers are satisfied. If the performance exceeded expectations, customers are very satisfied or pleased. According to Tjiptono (2011) there are several reasons why companies need to pay attention to customer’s satisfaction, namely: The company's increasingly positive reputation in the eyes of the public generally, consumer specifically; May encourage the creation of customer’s loyalty; Allow the creation of recommendation by testimonies which is advantageous for companies; increase the sales volume and profits; The relationship between companies and his customers become harmonious; Encourage each member organization to work within purpose and better pride; Costs to serve customers as well as the impact of familiar factor and the special relationship with customers’ familiarity; Cross-selling opportunities unfolding products.
Research conducted by Gultom (2014), entitled the influence of the marketing mix and the quality of service to the satisfaction of the student study Program Management Faculty of Economics University of North Sumatera Muhammadiyah shows that the marketing mix consists of services, locations, processes, people, physical evidence, and the quality of service consisting of direct evidence, the reliability, the response, security, and empathy to simultaneously have a positive influence on student’s satisfaction. While research in Santoso (2011), the analysis of the influence of marketing mix of services and quality of service to the Customer’s Satisfaction as well as their impact on Customer Loyalty (study on Customer of Bank Perkreditan Rakyat Cirebon) shows influence on mix marketing services and service quality, customer’s satisfaction to either partially or simultaneous. Goetsch & Davis (2010) in Tjiptono (2016), defines quality as the dynamic conditions relating to a product, service, human resources, processes and environments that meet or exceed expectations.

From research result by Tuti Hastuti (2014), with the title of the service quality, customer satisfaction, and Customer Loyalty: Application Model Servqual in the microfinance institution of Sharia Malang with 112 samples of respondents as Islamic microfinance institutions clients (LKMS) Malang with the result showing the quality of service customer’s satisfaction significantly took effect, while the tangibles and empathy dimension did not have an effect on satisfaction. Santoso (2011) also states that quality of service influenced customer's satisfaction. This research was by the paradigm described above.

2. Research Method

Type of this research is a descriptive (survey) with quantitative research design, the source of data used in this research is the primary and secondary. The population in this study was the whole students of Faculty of Economics in semester III and above, where the number of students was 1950 in academic year 2016/2017, and the number of samples taken was 100 adopting Slovin’s concept. Sampling techniques used are accidental, i.e., the sampling method sampling based on the presence/condition of the respondents at the time the researchers spread the questionnaires. The questionnaire used in collecting data from the variables examined used a Likert scale and for each answer was given the score; strongly agree (5), to strongly disagree (1). Testing the influence of variables hypothesized in this study used structural equation model (Warp. PLs. 5)

3. Findings and Discussion

Analysis of the research data was done through two stages. Namely, the first stage was evaluating the measurement model (outer model) using test validity and reliability for each variable of research. Then, the second phase is to evaluate structural model (inner models). Evaluation of outer model in the study was to see whether the instruments used for variable service quality, customer's satisfaction and loyalty levels of precision and accuracy and consistency are good (Hartono, 2011; Abdillah and Hartono, 2015). Evaluation of outer model is done through convergent validity, validity test of discriminant, and reliability.

From the data, it can be seen that all the instruments of the research, that is, physical evidence, reliability, responsiveness, assurance, empathy, loyalty, and satisfaction are reliable. This means that the measurement of instrument used can be consistently maintained.
The following is a structural model of research results:

![Structural Model of Research](image)

**Figure.1. Structural Model of Research**

Structural models of the above can show how is the level of influence of each variable to another variable and whether the results of the level of influence itself is significant or not. On the dimension of the physical evidence, the results showed that there is a positive relationship between the level of satisfaction and the physical evidence of 0.18 meaning that if the provision of physical evidence enhanced, then result in the level of comfort will increase. The influence of physical evidence against the satisfaction is 0.02 which means significant, at a rate of 5% error. For the dimension of reliability, the results showed there was a positive relationship between the level of satisfaction and the safety of 0.18 meaning if the provision of reliability improved, then result in the level of satisfaction will increase. Influence of reliability against satisfaction is 0.02 which means significant, at a rate of 5% error.

For the dimension of responsiveness, the results showed there was a positive relationship between the level of satisfaction and the responsiveness of 0.02 meaning that if the provision of improved responsiveness, then result in the level of satisfaction will increase. The influence of responsiveness towards satisfaction is 0.40 meaning that it was not significant.

For the dimensions of the guarantee, the results showed there was a positive relationship between the level of satisfaction with the assurance of 0.11, where the provision of a guarantee increases, then the result in levels of satisfaction will increase. The influence of the assurance against complacency is 0.09 which means significant, at a rate of 10% error.

For dimensions of empathy, the results showed there was a positive relationship between the level of satisfaction and the empathy of 0.36 meaning that if the provision of empathy enhanced, then result in the level of satisfaction will increase. The influence of empathy toward customer’s satisfaction is of significant, 0.01 <, at a rate of 1% error.

The result of coefficient determination is of 0.39. This indicates that the whole dimension of the quality of service that consists of physical evidence, reliability, responsiveness, assurance, and empathy, affects the level of student's satisfaction reaching 39% - 61%, while the rest is influenced by other factors but not investigated in this research.
Secondly, the other research results on how the relationship between the level of satisfaction and the level of loyalty of the students at the Faculty of Economics University of Lancang Kuning gave positive relationships among variables of satisfaction with loyalty as of 0.59 showing if level of satisfaction is increased, then the loyalty level of the students will apparently be increased. While the influence of the level of satisfaction towards loyalty is less than 0.01, significant at 1% level of error.

The results of measurements of the coefficient of determination amount to 0.35, it shows that the influence of the level of satisfaction towards loyalty was of 0.35, while the rest is influenced by other factors. The success of service in achieving its goal is highly dependent upon the quality of the service against its customers. The quality of the services provided should be the same as that expected by the consumer.

Goetsch & Davis in Tjiptono (2016) defines quality as the dynamic conditions relating to a product, service, human resources, processes and environments that meet or exceed expectations. Kotler in Alma (2005) reveals there are five dominant factors determining the quality of service abbreviated with TERRA standing for Tangibility, Empathy, Responsiveness, Reliability, and Assurance.

From the results of the research, it has been indicated that the influence of the dimensions of the physical evidence, reliability, and assurance is significant, whereas, reliability and responsiveness are not. Determinants of physical evidence, reliability, responsiveness, empathy, and assurance against complacency or satisfaction are of 0.39. This means that student's achievement is 0.39 affected by dimensions of service quality.

While the Influence of satisfaction on loyalty is significant reaching 0.35. This means that student's loyalty levels are affected by the level of comfort as of 0.35. The results of this research are corresponding to what Gultom (2014), showed that the quality of service consisting of direct evidence, reliability, response, security, and empathy simultaneously has a a positive influence towards student's satisfaction. Further research results by Santoso (2011) showed the quality of service influenced on customer's satisfaction, either partially, or simultaneously. Birgit Leisen Pollack, (2009) showed that the HSQM as a predictor of satisfaction and loyalty. Cedwyn Fernandes, Kieran Ross, Mohammad Meraj, (2013) showed that the link between Programme satisfaction and satisfaction with non-academic services and facilities had a positive impact on student loyalty. Faizan Ali, Yuan Zhou, Kashif Hussain, Pradeep Kumar Nair, Neethiahnanthan Ari Ragavan, (2016) showed that student satisfaction which in turn influences institutional image, and together, they influence student loyalty. Subrahmanyam Annamdevula, Raja Shekhar Bellamkonda, (2016) showed that while university provides no basis for differentiation among the constructs, age and gender play a major role in determining the different perceptions of students about the constructs investigated.

Furthermore, Tuti Hastuti (2014) Research’ indicated that service quality towards customer’s satisfaction significantly took effect, while the tangible and empathy dimension did not affect satisfaction. The same added by Santoso (2011) proposing that quality of service gave positive effect towards customer’s satisfaction. Annamdevula Subrahmanyam, (2017) showed the result supported the direct effect of students’ perceived service quality on students’ satisfaction and motivation; and indirect effect on students' loyalty. Dubem I. Ikediasih, Stephen O. Ogunlana, Isaac A. Odesola, (2015) showed that all six hypotheses were supported by the service quality satisfaction model structural equation model, meaning that quality attributes depicted by the outsourced FM services are antecedent to overall satisfaction. Kaur Kiran, (2010) showed that academic staff perceives the quality of library services to be just above average. Library staff is considered quite helpful and able to instill confidence in library users. Keng-Boon Ooi, Binshan Lin, Boon-In Tan, Alain Yee-Loong Chong, (2011) showed that can influence customer satisfaction and service quality in Malaysia’s small service business firm.
4. Conclusions

Based on the result and discussion, it can draw that the influence of dimensions of physical evidence, reliability and guarantees was significant to satisfaction and determinants among the physical evidence, reliability, responsiveness, empathy, and assurance against complacency is of 0.39. This means that student's satisfaction was influenced by 0.39. The influence of loyalty against fulfillment is significant amounting to 0.35. This means that the student's loyalty levels are affected by satisfaction level of 0.35. The relationship between customer's satisfaction and loyalty is of 0.59 meaning that the relationship between satisfaction and loyalty is positive.

It is suggested that Faculty of economics, Lancang Kuning University improve service quality, that is, improvement of physical evidence, reliability, responsiveness, empathy and of reassurance to improve student's satisfaction. Thus, it helps increase loyalty. If satisfaction improves, loyalty will also increase.

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