

The Relationship between Servqual, Word of Mouth and the Selection of Private Universities in Indonesia

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Abstracts: The purpose of this study is to predict the relationship between service quality, word of mouth, and the selection of private universities. This research uses a quantitative approach. Data collection was carried out by distributing questionnaires to 353 respondents using google Forms. The data were statistically analyzed using the SmartPLS. The results showed that part there was a Significant Influence of Functional Quality, and image on the variables of college selection, and word of mouth. There are Technical Quality variables that have no effect on the variables of college selection and word of mouth. The results also show that the research model is good for predictors because more information can explain the R square of 0.796.

Keywords: Smart PLS, Significant influence, Technical quality.

1. INTRODUCTION

Higher education is one of the educational service sectors that has recently become increasingly performance oriented. This is because universities today have an assumption and awareness that students are consumers, and as consumers certainly have needs. The quality of service carried out by universities is the most important thing felt and considered by consumers, this is in line with the research of Nai-Hwa Lien (2008) states that service quality can increase the core benefits offered, in the context of pe service services, consumers tend to use both technical quality and quality of function onal, an image to evaluate the Experience of the service. Madeline Melchor et al (2012) stated that *service quality* is very important in higher education institutions and is a component that greatly determines the success of an educational institution in maintaining the continuity of its institution. This research is in line with what has been done by Gi-Du Kang and Jeffrey James (2004) who examined service quality which focuses on the three dimensions of functional quality, *technical quality*, *image* as one of the factors that determine the perception of service quality. Likewise, the research of Istiqomah Handayani (2013), which examines the perception of service quality using three dimensions of service quality, as well as the research of Nitin Seth (2005) and S.G. Deshmukh (2005). Angela jiwanto et al (2012), Mirah Ayu Putri Trarintya (2011), Guinness Ameditawati (2009), L. Jean Harrison-Walker (2001) stated that *service quality* has a positive influence on *Word Of Mouth*. As well as research from Abror Aflah Amador (2012), Puguh Anton Wibowo (2009), Jeffrey W.Von freymann and Barry Cuffe (2010) stated that service quality has a significant effect on the formation of consumer attitudes. The quality of service performed by educational institutions is the most important thing felt and considered by consumers, this is in line with Nai-Hwa Lien (2008) states that service quality can increase the core benefits offered, in the context of service delivery, consumers tend to use both technical quality and quality of functional, an image to evaluate the experience of the service. Madeline Melchor et al (2012) stated that *service quality* is very important in higher education institutions and is a component that greatly determines the success of an educational institution in maintaining the continuity of its valley. The dimensions of service quality according to Gronroos (2000) and Choy (2012) consist of technical quality, functional quality, and corporate image. Lehtinen (1991); Mels, et al., (1997); Ferguson, (1999); Auh, (2005) and McDaniel (2007) show that service quality as multidimensional and the definition of the researcher has in common that basically the dimension of service quality is the Technical Quality dimension and the Functional Quality dimension. Lehtinen (1991); Mels, et al., (1997); Ferguson (1999); Auh (2005) and McDaniel (2007) show that Technical Quality is the relationship between service providers and customers (responsiveness) and reliability, while Functional Quality is the process of service delivery which includes the physical environment (tangible), assurance and empathy.

2. LITERATURE REVIEW

2.1. Quality of Service

The concept of Service Quality is defined by customers in service marketing as an overall assessment and is believed to be the result of comparison between expectations before obtaining services with the actual experience of service provider performance, (Esmailpour, 2012). Lewis and Pattinasarany (2009) and Lehtinen and Lehtinen (1991) show that the keys customers use when evaluating service include service processes and service outcomes. Quality service according to Gounaris et al. (2003) allows service providers to differentiate themselves from their competitors, thereby gaining a sustainable competitive advantage. Building and maintaining strong relationships between companies and customers through quality services is the driving force in traditional and modern businesses, when viewed from the perspective of the dynamic era (Gounaris et.al. 2003). Service quality is seen from the perspective of competitive advantage, defined as survival and competitive tools that lead to loyalty, higher market share, high return on investment, growing employee loyalty, resulting in lower costs (Esmailpour, 2012). Successful organizations recognize the importance of providing quality services continuously to build image and maintain competitive advantage (Haksever et al. 2000). The service must be in accordance with the wishes of the user, which is in the form of ease, speed, relationship, ability, and hospitality addressed to the user of the service. Service quality is a very important theme for service providers, particularly public institutions (Sheng and Chen, 2010; Kaura, 2013). The success of the organization is dominated by the factor of service quality which is becoming a universal demand. Quality mindset is not only adopted by franchise service organizations but also by non-profit public organizations, which have been resistant to the demands of excellent public service quality.

Gronroos (2001), postulates two aspects of service quality: technical quality, which involves what customers receive from the service, and functional quality, which involves the way in which the service is delivered as well as the latent image. Different theoretical perspectives on service quality began to be developed during the 1980s, Bell and Eisengerich (2007); Dovaline et al. (2007) and Gronroos (1984) show that service quality is categorized in two different ways, namely technical quality and functional quality. Cusatelli (2016); Chahal (2012); Esmail et al. (2012) and Rheea and June (2009) show that service quality as multidimensional is basically technical quality and functional quality. The framework that Ismail and Yunan (2016) and Ismail et al. (2016) use to measure service quality adequately represents the service quality model is ServQual i.e. Reliability and Tangibles are conceptually similar to Technical Service Quality, while Assurance, Empathy, and responsiveness share the same properties for Functional Service Quality.

2.2. Word of Mouth

According to Harrison-Walker (2001) and Wangenheim and Bayón (2007) WOM is a person-to-person communication (interpersonal) between non-commercial communicators and recipients of information about brands, products, or services. Meanwhile, de Matos and Rossi (2008) define WOM as informal communication addressed to other consumers regarding the usefulness or characteristics of goods and services. The definition of WOM in this study refers to the definition of Harrison-Walker (2001), and De Matos and Rossi (2008) that WOM is person-to-person communication carried out by non-commercial communicators to potential consumers voluntarily, face-to-face, and informally to inform about goods or services.

Ennew et al. (2000) in investigating the WOM behavior of banking customers in India using indicators of service awareness level, WOM brings in new customers, and WOM helps consumer memory. All these indicators are valid indicators used to measure banking WOM. The reason for the focus of research on WOM is because the financial services sector in India is in the process of liberalization. The financial services sector is highly competitive, but in the context of financial services marketing communications in developing countries such as India, the WOM study is considered important. Hermawan (2001) in research on WOM in private universities in Indonesia using a single indicator, namely interesting WOM recommendations. Babin (2005) in WOM research with restaurant settings using 3 indicators said positive things, recommended to others, and invited friends to visit. While Casaló (2008) uses 2 WOM indicators consisting of recommending and saying positive aspects to others.

2.3. Consumer Decision Making Process

Belch (2004) explains that companies or organizations must be able to identify specific needs that exist in the intended segment. It is important to know how the existing market changes considering that the business competition map has also changed. The more detailed the company can understand the intended market, the better it will recognize the "battleground". For this purpose, marketers need to sharpen their target market by segmenting. In understanding how consumers behave, segmentation is basically an effort to get a proper market mapping. Market segment is a group of people in the market who have similar desires, purchasing power, residence, attitudes and purchasing habits.

The process of determining purchasing decisions by consumers on a product is not immediately once you see a product or service that is available and then bought or consumed just like that. To arrive at the stage of using goods or services, there is a process in consumers through several stages. Consumers in choosing and determining the purchase and consumption of products or services can be learned from how they process these decisions. There are many explanations for how the consumer decision-making process takes place. Belch and Belch (2004) mentioned that there are 4 stages that a consumer goes through in choosing and using a product or service. The four stages include information search, alternative evaluation, purchase decision and post purchase evaluation. Meanwhile, Clow and Baack (2004) describe the stages in the consumer buying process into five stages. The five stages are problem recognition, information search, evaluation of alternatives, purchase decision and post purchase evaluation. In contrast to the views of Belch and Belch (2004) and Clow and Baack (2004), Blackwell et.al. (2001) describes how the stages of consumers make purchasing decisions for both products and services more fully.

3. MATERIAL AND METHODOLOGY

The methodology used in this study is a predictive quantitative technique by proposing a quantitative predictive model to calculate, analyze, and test all related hypotheses. There are 4 variables in the Research Model. The independent variables are Technical Quality, Functional Quality and Image and the selection of private universities as independent variables. Each variable is latent and will be measured through several indicators that reflect that variable. The scale to be used is the 5-point Likert scale. Likert scale 5 points. Data were collected using a survey questionnaire developed based on predefined measures for all variables and sent electronically to 353 respondents and the complete usable response was 100%. Data analysis using Partial Least Square smartPLS. Inductive statistics is performed using Variance-Based Structural Equation Modeling. Path analysis using Partial Least Square (PLS) consisting of 3 relationships. First, the Outer-Model specifies the relationship between the latent variable and its indicator (measurement model). Second, Inner-Model that determines the relationship between latent variables (structural model). And the third weight in assessing the latent variable to be stimulated. Validity refers to the extent to which the precision and accuracy of a measuring instrument can measure a construct. The calculation of construct validity is assessed by convergent validity and discriminant validity. Reliability refers to the internal consistency between indicators of a construct that indicates the extent to which each indicator shows the same from a latent factor. Reliability calculations will be assessed using Cronbach's Alpha and Composite Reliability (Ringle, Wende, & Will, 2015).

4. RESULTS AND DISCUSSION

4.1. Outer Model Evaluation (Measurement Model)

Evaluation of the measurement model or outer model using PLS Algorithm statistical calculations to assess the validity of each indicator. Figure 1 illustrates the convergent or outer loading validity values of each indicator. The calculation results of the PLS Algorithm are as follows in Figure 1.

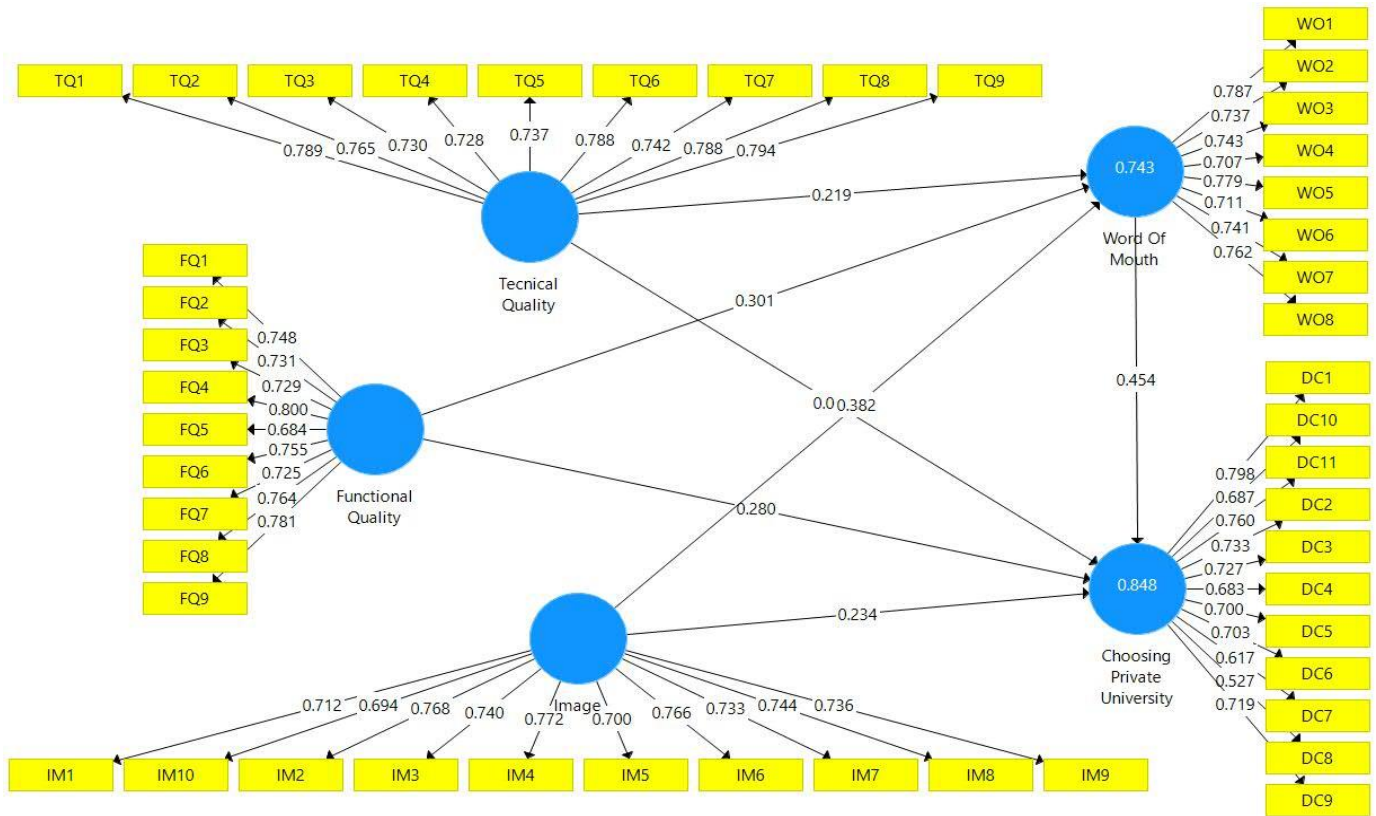


Figure 1. PLS Algorithm Output.

Based on Table 1, all variables have met the reliability requirements based on Cronbachs Alpha, Composite Reliability, and Average Variance Extracted.

Tabel 1. Construct Reliability.

Variabels	Cronbach's Alpha	Composite Reliability
Choosing Private University	0.894	0.912
Functional Quality	0.901	0.919
Image	0.906	0.922
Tecnical Quality	0.910	0.926
Word Of Mouth	0.886	0.910

Thus, all indicator items have met the validity requirements and all variables have met the reliability requirements and the R square of 0.796 then the model is declared strong enough and can be continued for hypothesis testing by bootstrapping the SmartPLS menu.

4.2. Inner Model Evaluation (Structural Model)

Based on Table 2, the results of hypothesis testing can be known as follows: There are 2 unproven hypotheses, namely that technical quality does not affect the selection of private universities and technical quality also does not significantly affect the selection of private universities. Because the probability value is above 0.05. In addition, there is a significant influence of functional quality on the selection of private universities and functional quality influences word of mouth. While image affects the selection of private universities and word of mouth significantly. In addition, the WOM variable affects the selection of private universities.

Tabel 2. Hypothesis Testing.

Hypothesis	Inner Weight	T-Statistics	P Values	Information
Functional Quality -> Choosing Private University	0.280	4.237	0.000	Significant
Functional Quality -> Word Of Mouth	0.301	2.269	0.024	Significant
Image -> Choosing Private University	0.234	4.286	0.000	Significant
Image -> Word Of Mouth	0.382	4.740	0.000	Significant
Tecnical Quality -> Choosing Private University	0.006	0.102	0.919	InSignificant
Tecnical Quality -> Word Of Mouth	0.219	1.657	0.098	InSignificant
Word Of Mouth -> Choosing Private University	0.454	8.449	0.000	Significant

Private universities must be able to provide good service to their students to achieve the goals of the university and must also be able to improve the quality related to technical operational services provided to customers. Universities must also be able to give a positive impression on the service process delivered to their customers to be able to give a good image to the minds of their customers.

5. CONCLUSION

There is a significant influence of WOM variables on the selection of private universities, so it shows that WOM is closely related to the selection of private universities. There is no influence between technical quality on the variable of selection of private universities and the variable WOM, indicating the lack of closeness of the relationship. There is a significant influence on the image variable on the selection variable of private universities and the word-of-mouth variable, so it shows a very close relationship between the third of these variables.

The limitation of this study is that it was conducted in a small area, namely in Riau province. Future research should be conducted in a wider area with a larger sample size and using mixed methods to be able to find clear results and be able to generalize widely.

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