

DETERMINANTS OF CUSTOMER SATISFACTION IN INFORMAL EDUCATION INSTITUTIONS

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ABSTRACT

Competition in the business world today is getting tougher including in the informal education services. The business must maintain its customers by trying to make them satisfy with the provided services. This study aims to examine whether service quality, price, and location on customer satisfaction. It is carried at an informal education institution, namely Ms. Rini and Partners Learning Center. The respondents are the parents of the students who have been using the services for at least one month. The sample consists of 65 respondents. Results of analysis using multiple linear regression analysis show that price and location have positive and significant effect on the customers' satisfaction. Service quality does not have significant effect on customers' satisfaction. The study suggests that to improve customers satisfaction, the institution has to reassess its services so it could improve the satisfaction of its customers.

Keywords: service quality, price, location, and customer satisfaction

INTRODUCTION

Ms. Rini and Partners Learning Center (RPLC) is a provider of informal education services for preschool children to junior high school. It provides courses covering writing and reading, mathematics, science, social, language courses (German, English, Mandarin, and Indonesian), drawing classes, daycare, and shuttle services. There are several choices of informal educational institutions around the RPLC, many of which are taken into consideration by consumers to arrive at a decision to choose a particular informal education institution. RPLC management strives to meet the criteria that are considered by consumers, both service quality, price, and location, so as to provide satisfaction for its customers.

The ups and downs of students from year to year and the receipt of data on complaints from customers is a problem faced by the RPLC. Although the fluctuation of the student body is not uncommon in the informal education business, the management of RPLC places high concern on how to improve the satisfaction of customers. Previous studies have shown that some factors are known as the persistent determinants of customers' satisfaction. These include service quality (Alnaser et al., 2017; Subagiyo and Adlan, 2017; Lumenta et al., 2014), price (Lumenta et al., 2014; Lumintang and Rotinsulu, 2015), and location (Said, 2016; Abubakar et al., 2010). The current study is trying to test the external validity of previous findings that service quality, price, and location of the business affect the satisfaction of its customers. Price and location are parts of marketing mix that have to be taken into consideration for business entity. As a service based business, RPLC must also pay greater attention on its quality of services. Results of the study show that price and location are positively related to customers' satisfaction, whilst service quality is not the determinant of the customers' satisfaction.

RESEARCH METHODS

This study uses a quantitative approach by distributing questionnaires to respondents to test the effect of independent variables on the dependent variable. The independent variables are service quality (X1), price (X2), location (X3), while the dependent variable is customer satisfaction (Y). The place for conducting research is at Ms. Rini and Partners Learning Center (RPLC) located in Ruko UC Sentra Niaga Utama No.10, Jl. Citra Raya Lakarsantri, Surabaya. The study population is parents of students who have used informal education services for at least 6 months. Parents of students who have two children are recognized as one parent. The total population used in this study was 65 people. All the population members are given the questionnaires. All the targeted respondents are able to fill in the

questionnaires making the total of 100 usable questionnaires (65 respondents).

Respondents' answers are stated in selecting one of five choices based on the Likert scale. This study uses a number of statements with a scale of 5 that indicate the level of respondents' agreement with the deciphered statement. The study's model of analysis is shown in Figure 1.

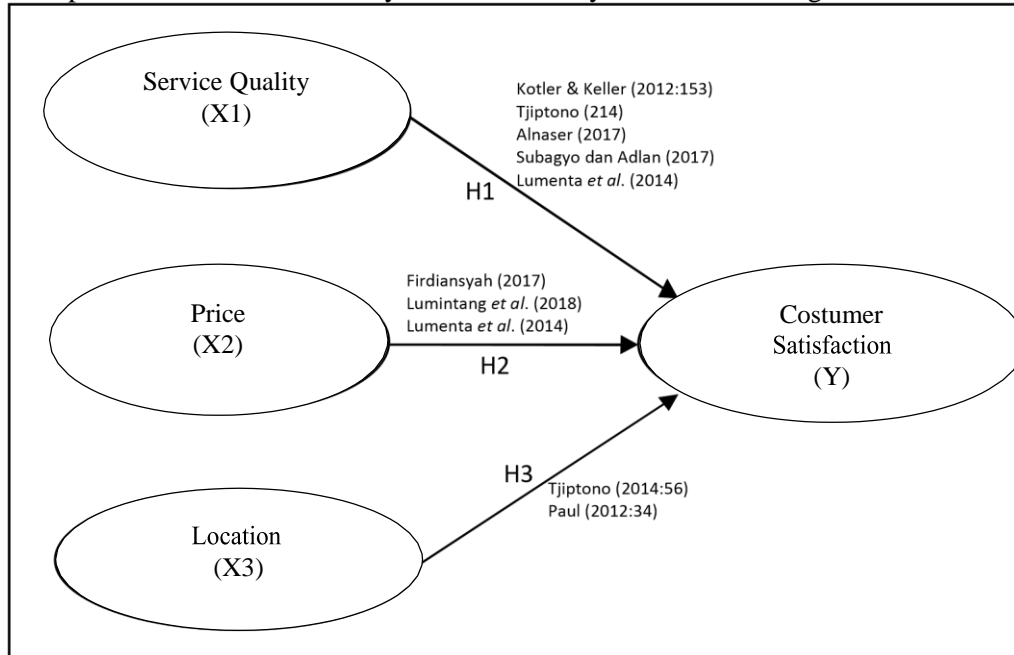


Figure 1. The study Model of Analysis

Based on the model of analysis, three hypotheses are proposed. The hypotheses being tested in the study are:

H1: Service quality has a positive effect on customer satisfaction. H2:

Price has a positive effect on customer satisfaction.

H3: Location has a positive effect on customer satisfaction.

RESULTS

The following are the results of the reliability test for each variable. Table 1 presents the results of the Reliability test for each variable.

Table 1 Results of Reliability Test

Variabel	Cronbach's Alpha	Information
Service Quality (X_1)	0,912	Reliable
Price (X_2)	0,952	Reliable
Location (X_3)	0,895	Reliable
Customer Satisfaction (Y)	0,946	Reliable

Source: SPSS Output

In Table 1, it can be seen that the value of Cronbach's Alpha for service quality variables, price, location, and the Customer Satisfaction variable have the values of greater than 0.6. Thus, it can be concluded that all the examined are said to be reliable.

The test statistic used to perform the partial test is t-test statistics. The t-test is used to test how the influence of independent variables on the dependent variable where in this study the researcher wants to know whether the independent variable or service quality, Price, Location partially or individually gives a significant influence on the variable customer satisfaction.

Table 2
Results of the Regression Analysis Coefficient

Variable	Coefficient t	Std. error	t-value	p- value	Toleranc e	VIF	F-value (p- value) dan R (R ²)
(Constant)	0.301	0.381	0.789	0.433			53.160 (0.000) 0.850 (0.723)
Service Quality	0.082	0.137	0.598	0.552	0.332	3.01 1	
Price	0.297	0.079	3.783	0.000	0.470	2.12 8	
Location	0.563	0.091	6.206	0.000	0.566	1.76 7	

Source: SPSS Output

It can be seen on Table 2 that the coefficient of determination (R²) in this study is 0.723 or 72.3%. The magnitude of the coefficient of determination shows that all the independent variables are able to explain the dependent variable. Based on Table 2, the following regression equation is generated:

$$Y = 0.301 + 0.082X_1 + 0.297X_2 + 0.563 X_3$$

where Y is customer satisfaction, X₁ is service quality, X₂ is price, and X₃ is location.

Prior to interpreting the results of hypothesis testing, the study performs the classical assumption tests that include normality of model, linearity, multicollinearity, and heteroscedasticity. Results of normality test show that all the model satisfies the normality as the p-value is greater than the cut-off point of 0.05. The linearity test shows that the p-value of each independent variable is less than the 5% level. The multicollinearity test suggests that there are no collinearity among the independent variables examined in the study as the VIF values of all the independent variables are less than 10. Heteroscedasticity test aims to examine whether the residuals of the regression models that have been formed occur variance from residual inequalities, one observation to another observation. One of the linear regression assumptions that must be satisfied is the homogeneity of the variance of the residual. Results of heteroskedasticity test generate the p-values for all the independent variables of greater than 5%, indicating the variables meet the homoscedastic assumption.

DISCUSSION

Effect of Service Quality of Customer Satisfaction

The results of hypothesis testing indicate that service quality does not affect customer satisfaction. That is, respondents in the RPLC did not consider that the services provided were variables that affected their satisfaction with the RPLC. This is certainly different from the predictions where the higher or better quality of service, customer satisfaction will increase. The results of this study are different from some previous studies which found that service quality has a positive and significant effect on customer satisfaction (Subagiyo and Adlan, 2017; Lumintang and Rotinsulu, 2015; Lumenta et al., 2014; Firdiyansyah, 2017; Shi et al., 2014; Chakraborty et al., 2018; Alnaser et al., 2017).

Service quality variables have no effect on customer satisfaction because respondents in RPLC tend to be satisfied with service in the RPLC so that they do not assume that the services provided is a variable that affects their satisfaction with RPLC.

The result of this study is not consistent with the prediction, which usually suggests that the better the quality of service the better is the customer satisfaction. However, we might argue, given the condition at RPLC, that it is inherent in the informal business because this study most of the consumers / respondents are parents of students who do not directly enjoy the quality of services provided. So that quality service is not an important concern of customers even though it can lead to satisfaction, because the possibility of customers having other goals that do not require speed and special treatment.

A close examination reveals that the answers of the respondents tended to be very agreeable and

homogeneous with each question regarding service quality. The homogeneity of answers that tend to be high can also be seen from the value of the variance of the incoming response, where the value is relatively low. This condition implies similarity of perceptions among respondents on service quality variables.

The effect of Price on Customer Satisfaction

This study found that the effect of price variable has a positive and significant direct effect on customer satisfaction in RPLC. The effect of prices has a linear effect on customer satisfaction, which means that an increase in the effect of prices on the RPLC will increase customer satisfaction in the RPLC. Prices set by the RPLC are in accordance with the economic conditions of the local community. Price and service quality have a high influence on customer satisfaction. Price is used as an indicator of product quality, which results in the assumption of a better quality of a product and determines higher satisfaction. Therefore the price set must be balanced with the quality given to the customer. The results of this study are in line with several previous studies, for example, Firdiansyah (2017), Lumenta et al. (2014), Indra Firdiyansyah (2017), Shi et al., (2014), and Chakraborty et al., (2018).

The Effect of Location on Customer Satisfaction

This study found that the location influence variable has a positive and significant direct effect on customer satisfaction in RPLC. This means that increasing the influence of the RPLC location will increase customer satisfaction in the RPLC as well. RPLC has made serious efforts to increase RPLC customer satisfaction. The results of this study are in line with research conducted by Firdiansyah (2017) who shows that the location influence customer satisfaction at Warung Gubrak Kepri Mall Batam Subagiyo and Adlan (2017) who examine Islamic Bank customers.

CONCLUSION

This study aims to examine the effect of service quality, price and location on customer perceptions of customer satisfaction at RPLC non-formal educational institutions. Based on the results of data analysis that has been done, it can be concluded as follows. Firstly, service quality is found to have no significant effect on customer satisfaction. Secondly, customer perceptions of price and location are both found to have a positive and significant effect on customer satisfaction. This means that the prices offered to customers of RPLC's non-formal education institutions actually satisfy customers. Location is also found to have an effect on customer satisfaction. That is, the more attractive the location where the institution is, the higher the level of customer satisfaction.

With regard to the findings reported in this study, some limitations are worth noted along with the suggestions for future studies. The current study uses multiple linear regression analysis and found that service quality variable is influential of customer satisfaction in RPLC. In addition, the respondents of the study are considered to be quite small. Further research may use other statistical analysis, such as the PLS SEM method to seek for possible mediating effect. Future study may also examine in other institutions with relatively larger respondents. The next researcher may examine other factors that can influence customer satisfaction, for example word of mouth factors, brand image, and product quality. Further researchers can also use other methods in examining customer satisfaction, for example through in-depth interviews with customers.

Apart of the suggestions related to the limitations, the study also offers suggestion for the RPLC management. In relation to the quality of services, it is expected that teachers and staff at the RPLC needs to continue to maintain and improve service quality in the RPLC so that the quality of the RPLC is maintained and gives satisfaction to its customers regarding the needs of the growing world of education. Quickly respond to every complaint that comes in and provide the right solution for every problem that exists.

In relation to the price, it is expected that the RPLC has a pricing strategy so that prices pegged to customers remain affordable and competitive. In addition, RPLC Parties are able to innovate in determining pricing strategies such as giving discounts and other forms of promotion to their customers. In relation to location, it is expected that RPLC management still maintains its current location. And make the current location a reference for determining the location if it will open a branch elsewhere.

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