The Impact of Service Quality on Customer Satisfaction Leading To WOM in Training and Course Institution

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Abstract: This study aims to examine and analyze the influence of service quality (reliability, responsiveness, assurance, empathy, and tangible) on customer satisfaction leading to Word of Mouth (WOM). A cross-sectional research on training and course institution’s customers in Indonesia. The research was design by using causal type, with quantitative and survey methods. The sampling method used is probability sampling and the data was analyzed by SEM-PLS with WarpPLS 6.0. Data was taken by giving an online questionnaire to respondents who were training and course institution’s Alumni through e-mail. 147 online questionnaires were collected. The result shows reliability, assurance and tangible were significantly giving positive effects to customer satisfaction. Moreover, customer satisfaction affected WOM positively and significantly. Besides of that, the Adjusted R-squared coefficients of customer satisfaction and WOM were 70% and 40%, which means 70% of customer satisfaction can be made by service quality dimensions and 40% of WOM can be made by customer satisfaction.

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I. Introduction

Customer satisfaction is a very popular research subject because customer response will determine long-term customer relationships, which even could lead to business sustainability (Cheng, Gan, Imrie, & Mansori, 2018). To grow in a highly competitive market, customer satisfaction plays a key role in retaining existing customers and gaining new customers (Hussain, 2016). Satisfaction is a feeling of pleasure or disappointment of someone who arises because of comparing the performance of perceived products (or results) against their expectations. If performance fails to meet expectations, the customer will be dissatisfied. If the performance is in line with expectations, the customer will be satisfied. If performance exceeds expectations, the customer will be very satisfied or happy (Kotler & Keller, 2012). Customer satisfaction is very important because it will affect the desires of consumers in recommending or sharing their experiences with others or called Word of Mouth (WOM). Research shows satisfied customers will recommend positive things to others, and vice versa, disappointed customers generally do not complain to the organization but share negative experiences with their friends. Also, studies have found that people depend on WOM to make various purchasing decisions (Fang, Chiu, & Wang, 2011).

One of the key factors in developing customer satisfaction is service quality (Boonlertvanich, 2019; Endara, Ali, & Yajid, 2019; Ju, Back, Choi, & Lee, 2019; Miranda, Tavares, & Queiró, 2018). Recently there have been many marketing studies that discuss the issue of service quality (Kant & Jaiswal, 2017; Lassar, Manolis, & Winsor, 2000; Lien, Cao, & Zhou, 2017; Lin, Luo, Cai, Ma, & Rong, 2016; Oriade & Schofield, 2019; Padma, Rajendran, & Sai, 2009; Santouridis & Trivellas, 2010; Sheng & Liu, 2010; Purwanto & Suharno, 2017). Some of them examined the quality of services in the education service sector, such as at a non-governmental university (Abari, Yarmohammadian, & Esteki, 2011); technical and vocational colleges (Akhlachi, Amini, & Akhlachi, 2012); e-learning experience (Udo, Bagchi, & Kirs, 2011); higher education in Thailand (Yousapronpaiboon, 2014); academic administration service quality (Ashi, 2012); and e-learning system in university (Purwanto & Suharno, 2017). However, only a few service quality researches have been conducted for training and course institutions. Therefore, we look at this emptiness as a research gap that needs to be investigated further.

In Indonesia, the Training and Course Institution or called Lembaga Kursus Pelatihan (LKP) is a non-formal education unit that held for people who need knowledge, skills, and self-development attitude, working as professional, develop a career and/ or pursue to the higher education level. Based on the Indonesia National Education System Law No. 20 of 2003 Article 26 Paragraph 5 states that courses and training are forms of continuing education to develop students' abilities with an emphasis on mastering skills, competency standards, developing entrepreneurial attitudes and professional attitudes.

Unfortunately, the latest data from the Ministry of Education and Culture (2018) shows the phenomenon of a decrease in the number of Course and Training Institutions (LKP) that are registered and have
a Course and Training Institute Number (NILEK) in Indonesia. In 2018 the number of LKP was 16,819, this number decreased by 5.5% compared to the number of LKP in 2013 with 17,805, which decreased from 15,000 in 2007, and 23,150 in 2006. The decline in the number of courses could be caused by the course organizers lacking knowledge about management. Another factor is an increase in competitiveness between institutions.

LKP is suggested to improve its institutional management along with the tighter competition, one of which is through improving the quality of services. Service quality improvement needs to be done to increase customer satisfaction and capture potential course participants through WOM to maintain the continuity of the course. The phenomenon of a decrease in the number of LKPs due to the sustainability of the institution did not survive. Some LKPs are out of business because of the small number of course participants. The lack of course participants can be caused by the inability of managers to carry out marketing activities, such as retaining existing customers and reaching new customers. A large number of course participants greatly influence the sustainability of the institution. Therefore, service quality must be calculated properly, so that LKP can survive and win the market.

II. Literature Review

Service Quality

Lewis & Booms (1983) defined service quality as a measure of how well the level of service provided is in accordance with customer expectations. Providing high-quality services means consistently meeting customer’s expectations. Service quality is more difficult for the consumer to evaluate than product/goods quality. Quality is perceived by customers differently between product and service companies. Compared to goods that can be valued based on many things such as style; harding; color; label; feel; package and fit, service quality is difficult to assess because it is intangible (Parasuraman, Zeithaml, & Berry, 1985). In the study of Parasuraman et al, they identified 10 dimensions for identification as service quality, including tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, client understanding, and access (Parasuraman et al., 1985; Parasuraman, Zeithaml, & Berry, 1991, 1994). Then, in a 1988 study they summarized this into five dimensions: (1) Tangibles, such as physical facilities, organizational accommodation and staff appearances; (2) Reliability, such as the ability to perform services properly and reliably, (3) Responsiveness, such as disposition to serve clients quickly, (4) Assurance, such as the knowledge and courtesy of staff and their ability to produce reliability and guarantees, (5) Empathy, namely personal attention to each client (Parasuraman, Zeithaml, & Berry, 1988).

Customer Satisfaction

Customer satisfaction is a very popular research subject as customer response will determine long-term customer relationships which even can lead to business sustainability (Cheng, Gan, Imrie, &Mansori, 2018). To grow in a highly competitive market, customer satisfaction plays a key role in retaining existing customers and gaining new customers (Hussain, 2016). Satisfaction is a feeling of pleasure or disappointment of someone who arises because of comparing the performance of perceived products (or results) against their expectations. If performance fails to meet expectations, the customer will be dissaistisfied. If the performance is in line with expectations, the customer will be satisfied. If performance exceeds expectations, the customer will be very satisfied or happy (Kotler& Keller, 2012). When companies disappont customers, a large number of unsatisfied customers do not complain but take their business to the company's competitors. Therefore, companies do not have the opportunity to dialogue with these lost customers to fix their problems. Research shows generally customers do not complain to organizations but instead share negative experiences with friends through word of mouth or WOM. Also, customer retention is a function of factors other than customer satisfaction. Therefore, many researchers consider customer satisfaction to be the best indicator of the company's profits and competitiveness in the future (Ganiyu, 2012).

Word of Mouth (WOM)

Studies have found that people depend on WOM to make various purchasing decisions (Fang, Chiu, & Wang, 2011). WOM is the process of exchanging information or opinions about a product or service. WOM can be exchanged from person to person through oral or written expressions. As communicators are not market-dependent, they are considered more reliable and persuasive than traditional media channels. Consumers spread WOM to fulfill their impression goals, to improve their social status, or to seek emotional support (Chen, 2013). In other words, WOM means sharing consumer experiences with others, such as friends, relatives, coworkers, and so on, so that they can influence consumers in making decisions (Vigilia, 2016). WOM is also divided into two forms, namely traditional WOM and electronic WOM (e-WOM), where traditional WOM is generally done offline or face-to-face, while e-WOM is done online (Wang, Tran, & Tran, 2017).
III. Hypothesis Development

**Service Quality and Customer Satisfaction**

Various empirical studies have been conducted to examine the relationship of service quality and customer satisfaction (Boonlertvanich, 2019; Endara, Ali, & Yajid, 2019; Ju, Back, Choi, & Lee, 2019; Miranda, Tavares, & Queiró, 2018). The studies found that there was a strong influence between service quality on customer satisfaction. Ju et al. (2019) found a relationship between service quality attributes and customer satisfaction in the Airbnb case. The effect of service quality on customer satisfaction was also found in the bank sector (Boonlertvanich, 2019; Endara et al., 2019; Khamis & ABRashid, 2018) and air transportation (Farooq, Salam, Fayolle, Jaafar, & Ayupp, 2018). Based on its dimensions, Jeong and Lee (2010) found that tangibility and responsiveness have a significant impact on customer satisfaction on furniture purchaser in online shops, besides that assurance also has a significant effect on customer satisfaction on e-commerce companies in Malaysia and Qatar. Besides, other studies have found that dimensions of service quality such as tangibles, reliability, responsiveness, assurance, and empathy have a positive relationship with customer satisfaction in Arab restaurants (Omar, Ariffin, & Ahmad, 2016). Considering the above discussions, the following hypothesis can be formulated:

**H1:** Reliability has a positive effect on customer satisfaction

**H2:** Responsiveness has a positive effect on customer satisfaction

**H3:** Assurance has a positive effect on customer satisfaction

**H4:** Empathy has a positive effect on customer satisfaction

**H5:** Tangible has a positive effect on customer satisfaction

**Customer Satisfaction and WOM**

Studies have found that people depend on WOM to make various purchasing decisions. Recent word of mouth communication studies (WOM) have increased the attention of researchers and practitioners. Extensive efforts have been made to investigate the impact of WOM in changing consumer attitudes and buying behavior (Fang, Chiu, & Wang, 2011). Fuentes-Blasco (2017) found that customer satisfaction has a positive and significant impact on WOM, both WOM referral and activity. WOM referral is the level where customers praise and recommend an organization and its products or services, while WOM activity is the intensity of talking to others about the advantages and benefits. Several studies have shown a significant direct effect of customer satisfaction on WOM, including Kassim and Asiah Abdullah (2010) found this relationship in e-commerce customers in two countries, namely Malaysia and Qatar, and Chaniotakis and Lymperopoulos (2009) in the health care industry. Results of another study mentioned, consideration of consumer motives for conducting WOM activities, namely customer satisfaction as a positive determinant of WOM, while dissatisfaction was related to customer intentions to conduct negative WOM. Based on the literature, the following hypothesis was proposed:

**H6:** Customer satisfaction has a positive effect on WOM

The Conceptual Framework can be seen in figure no 1.

IV. Methodology

This research uses a quantitative approach, in which the research design used was causal research. In addition, this research method uses survey methods. The research population was all registered alumni who have attended the Speak Project class/ seminar/ workshop to completion and received a certificate, a minimum of one time or one meeting. The sampling method used was probability by giving online questionnaires to respondents via email. The research sample obtained amounted to 147 respondents. Data collection was carried out using a questionnaire technique, where respondents answered questions that had been arranged in the form of choices and scale questions using the Likert scale (1-5). The data analysis method in this research was SEM-PLS with the help of WarpPLS 6.0 software.
V. Result and Discussion

Model Fit Test

The research model test was conducted to see the suitability of the model built in the study. A good research model will be able to describe the suitability of the relationship between variables in the study. The use of WarpPLS 6.0 has provided calculation results that indicate the criteria used to assess whether the model is appropriate. From Table no 1 below it is known that each value meets the ideal criteria so that it can be concluded that the overall model of this research was good and in accordance.

Table no 1: Result of Research Model Test

<table>
<thead>
<tr>
<th>Description</th>
<th>Result</th>
<th>Ideal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average path coefficient (APC)</td>
<td>P&lt;0.001</td>
<td>&lt;= 0.05</td>
</tr>
<tr>
<td>Average R-squared (ARS)</td>
<td>P&lt;0.001</td>
<td>&lt;= 0.05</td>
</tr>
<tr>
<td>Average adjusted R-squared (AARS)</td>
<td>P&lt;0.001</td>
<td>&lt;= 0.05</td>
</tr>
<tr>
<td>Average block VIF (AVIF)</td>
<td>2.751</td>
<td>&lt;= 3.3</td>
</tr>
<tr>
<td>Average full collinearity VIF (AFVIF)</td>
<td>3.402</td>
<td>Acceptable if &lt;5</td>
</tr>
<tr>
<td>Sympon’s paradox ratio (SPR)</td>
<td>1</td>
<td>Ideally = 1</td>
</tr>
<tr>
<td>R-squared contribution ratio (RSCR)</td>
<td>1</td>
<td>Ideally = 1</td>
</tr>
<tr>
<td>Statistical suppression ratio (SSR)</td>
<td>1</td>
<td>=&gt; 0.7</td>
</tr>
<tr>
<td>Nonlinear bivariate causality direction ratio</td>
<td>1</td>
<td>=&gt; 0.7</td>
</tr>
</tbody>
</table>

Convergent Validity and Reliability

The Average Variance Extracted (AVE) score indicates that all reflective constructs have a AVE value greater than 0.50, where consecutively AVE reliability is 0.709; responsiveness 0.691; assurance 0.752; empathy 0.777; tangible 0.796; customer satisfaction 0.817; WOM 0.829. The AVE results show that all indicators have met the specified value standards, so the convergence of indicators is valid or acceptable and it can be stated that all indicators that measure constructs have met the conditions of convergent validity. In addition, the results of the Composite Reliability (CR) data show all values above 0.8 so that the data indicates high reliability. In addition to CR, the reliability test was strengthened with Cronbach’s Alpha, where the results showed the CA numbers were all> 0.7 which can be concluded that the reliability was very high. The data can be seen in the following Table no 2.

Table no 2: Convergent validity and reliability

<table>
<thead>
<tr>
<th></th>
<th>AVE</th>
<th>CR</th>
<th>CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>0.709</td>
<td>0.880</td>
<td>0.794</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.691</td>
<td>0.899</td>
<td>0.850</td>
</tr>
<tr>
<td>Assurance</td>
<td>0.752</td>
<td>0.923</td>
<td>0.888</td>
</tr>
<tr>
<td>Empathy</td>
<td>0.777</td>
<td>0.912</td>
<td>0.855</td>
</tr>
<tr>
<td>Tangible</td>
<td>0.796</td>
<td>0.921</td>
<td>0.871</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>0.817</td>
<td>0.931</td>
<td>0.888</td>
</tr>
<tr>
<td>WOM</td>
<td>0.829</td>
<td>0.951</td>
<td>0.931</td>
</tr>
</tbody>
</table>

AVE: Average Variance Extracted; CR: Composite Reliability; CA: Cronbach’s Alpha
Discriminant validity

Discriminant validity test was done by looking at the value of cross-loading and the value of Square Root of Average Variance Extracted / AVE. Based on Table no 3, it shows that each indicator that measures a construct has a greater cross-loading value to its construct so that it can be said to be valid. The value of Square Root of AVE obtained by each construct is greater than the correlation value between constructs with other constructs in the same column. These results indicate that the discriminant validity requirements were met.

<table>
<thead>
<tr>
<th>Table no 3: Discriminant Validity (FornellLackerCriterium)</th>
</tr>
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<tbody>
<tr>
<td>Construct</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Reliability</td>
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<tr>
<td>Responsiveness</td>
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<tr>
<td>assurance</td>
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<tr>
<td>empathy</td>
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<tr>
<td>tangible</td>
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<tr>
<td>Customer Sat</td>
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<td>WOM</td>
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</tbody>
</table>

Result of Hypothesis Test

The level of trust used in this study was 5%. The hypothesis will be accepted if the value of p <0.05. The path coefficient value is used to determine the direction of the correlation coefficient. The positive correlation coefficient shows that there is a positive relationship between constructs and vice versa. The research model will also be tested by looking at the value of the coefficient of determination (R^2). This value explains the variation of the dependent variable. The value of R^2 is between zero and one. If it is zero then it cannot explain variations on the dependent variable, whereas if it is one, the independent variable explains one hundred percent of the variations on the dependent variable.

<table>
<thead>
<tr>
<th>Table no 4:Result of Hypothesis Test Summary</th>
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<tbody>
<tr>
<td>Hypothesis</td>
</tr>
<tr>
<td>H1</td>
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<tr>
<td>H2</td>
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<tr>
<td>H3</td>
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<tr>
<td>H4</td>
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<tr>
<td>H5</td>
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<tr>
<td>H6</td>
</tr>
</tbody>
</table>

Hypothesis Test Results show that not all dimensions of service quality have significant results. These results include, there is a significant influence between Reliability and customer satisfaction where the p-value of <0.001 so that H1 is supported. Furthermore, the Responsiveness relationship to customer satisfaction has a p-value> 0.05 which is 0.49 and the coefficient is 0.00 so it can be stated that H2 is not supported. A significant effect was also found on Assurance on customer satisfaction so it was concluded that H3 was supported. In H4, it was found that Empathy had no significant effect on customer satisfaction, which can be seen from the P-value 0.40, then H4 was not supported. On the other hand, H5 gets support, or in other words, there is a significant influence between tangible on customer satisfaction. Significant influence was also found in the relationship between customer satisfaction and word-of-mouth with a P-value <0.01. Other results are known that the R-squared Adjusted Coefficient on customer satisfaction is 0.70, which means 70% of customer satisfaction can be made by the variables of reliability, responsiveness, assurance, empathy, tangibles, customer satisfaction and WOM. Meanwhile, the Adjusted R-squared coefficient on WOM is 0.40 which means 40% of WOM can be made by customer satisfaction variables. The results of this hypothesis test are summarized in Table.4. in addition, Figure no 2 shows the results of hypothesis testing based on the output of WarpPLS 6.0.
VI. Discussion

Based on empirical findings in this study, it was known that service quality (reliability, assurance and tangible) has a significant positive effect on customer satisfaction on customer training and course institutions in Indonesia. The results of this study confirmed the results of several previous studies such as Jeong and Lee (2010) who found that tangibility had a significant effect on customer satisfaction on furniture purchasers in online shops. This study also confirmed Khamis and AbRashid (2018) which stated that there was a significant relationship between service quality and customer satisfaction of Islamic banking in Tanzania, where reliability was a significant predictor of customer satisfaction. Not only that, this study was in line with several findings, including Meesala and Paul (2018) finding reliability had a significant impact on consumer satisfaction in the healthcare industry; Omar, Ariffin, and Ahmad (2016) who stated that service quality dimensions such as tangibles, reliability and assurance of positive relationships with customer satisfaction in Arab restaurants; and Parawansa (2018) who found that service quality had a significant positive effect on customer satisfaction in the banking sector in Indonesia. On the other hand, this study showed that there was no significant effect of responsiveness and empathy on customer satisfaction. The difference in findings between significant and insignificant regarding several studies can be due to the object, location, time, population, and sample size, which results in various research findings so that the research has its distinctiveness that distinguishes it from previous studies (Fernandes, 2018).

VII. Conclusion

From the results and discussion of this research, the conclusions were that reliability, assurance, and tangibility have a significant positive effect on customer satisfaction. Similarly, customer satisfaction had a significant positive effect on word of mouth (WOM). The adjusted R-squared coefficient on customer satisfaction is 0.70, which means 70% of customer satisfaction can be made by the variables of reliability, responsiveness, assurance, empathy, tangibles, customer satisfaction and WOM. Meanwhile, the Adjusted R-squared coefficient on WOM is 0.40 which means 40% of WOM can be made by customer satisfaction variables.

From the results of the research, several suggestions were formulated. Suggestions given to LKP companies, including: (1) companies must be able to improve the quality of service for trainees or courses, in order to create participant satisfaction; (2) In order to improve the quality of the service, companies need to improve reliability, such as the accuracy of the methods and course material provided, the implementation of training classes on the schedule provided; and fulfillment of promises in accordance with the publications distributed; (3) The company must also guarantee mentor competence, mentor communication skills,
friendliness of all staff, and the safety and comfort of the training class environment; (3) In addition, the company must also ensure the feasibility of physical facilities supporting the training, classroom arrangement and classroom cleanliness so that it always provides comfort for the participants. (4) The company needs to provide training for staff and mentors to gain standards in terms of teaching skills, interaction, ability to solve customer problems, good and friendly service, and objective norms. (3) The company needs to create customer satisfaction so that they voluntarily recommend training institutes/ courses to their peers. As for future research suggestions, other independent variables can be added that can shape customer satisfaction, especially in training institutions and courses.

References


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