

## **The Importance of Service Quality and Institutional Image on Customer Satisfaction**

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**Abstract:** *In service companies, service quality is the company's goal in encouraging customers to establish strong ties with the company. This study aims to analyze the effect of service quality and institutional image on customer satisfaction in Private College in the city of Banjarmasin. This research was conducted at a private high school in the city of Banjarmasin. The sample of this study were 185 respondents who were active students in private colleges in the city of Banjarmasin and the research method used was a regression analysis method. The results showed that the quality of service and the Institutional Image had a significant effect on customer satisfaction at Private Colleges in Banjarmasin.*

**Keywords:** *Service quality, institutional image, customer satisfaction.*

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### **I. Introduction**

Today, economic development is going very fast along with technological developments, thus creating a very tight business competition. In winning the competition and maintaining the survival of the company, it is demanded to manage marketing effectively. Therefore, a company is required to convey and manage information to consumers more effectively and precisely.

In service companies, service quality is the company's goal in encouraging customers to establish strong ties with the company. According to Wyckof (2002), service quality is the expected level of excellence and control over excellence is to meet customer desires. Research Atmawati, et al. (2008), Woo Gon Kim, et al. (2009), shows that Service Quality affects customer satisfaction. Research Andreassen, et al. (1998) found that service quality affects WOM through a corporate image.

The dimensions of service quality measurement have been developed by Parasuraman, Nafi et al. (2018) consisting of physical evidence (tangibles), reliability, responsiveness, assurance, and empathy. Thus, quality services must be used as the main strategy that allows known because it has certain characteristics that make the difference with competitors.

According to Herman et al. (2017) related to service, quality shows that there are positive findings in the dimensions of service quality (consisting of Reliability, Assurance, Tangibles, Empathy, and Responsibility) to the level of customer satisfaction that can affect the positive development of WOM about the company. Research by Nafi et al. (2017) shows that service quality has an effect on customer satisfaction and WOM, and Eman (2013) found that service quality affects customer satisfaction. Further research by Aulia, et al. (2015), found that service quality factors influence word of mouth and customer satisfaction as intervening.

The image can affect overall customer satisfaction and is also a valuable asset. According to Alves and Raposo (2010) in the results of their research on the image of the university said that the university's image consisting of (affective, cognitive, and overall) influences customer satisfaction. Another study Lai, et.al (2008) said that Brand Image affects Customer Satisfaction. If consumers get experiences that meet expectations and are satisfied with the service received, they will have a positive attitude towards a product.

The education business is a service business, therefore, the main principle that must be held is to be able to build and maintain the trust of consumers who feel satisfaction and dissatisfaction. Because currently, the competition of tertiary institutions is very tight, therefore the manager of tertiary institutions must be professional and focus their attention on the quality of education satisfaction of students that are tailored to the needs that continue to develop. The number of Higher Education (Universities, Colleges, Colleges, Institute and Polytechnic) in Indonesia in quantity up to 2015 amounted to 3,090 tertiary institutions (Kemeristekdikti), 46% were High Schools.

The average number of Private College in Kalimantan in the past 3 (three) years shows an average increase, such as in East Kalimantan and West Kalimantan, whereas in South Kalimantan it has stagnated or even declined, although in North Kalimantan it has stagnated, the number of universities in North Kalimantan is the lowest. Therefore, with the intense competition, demanding higher education institutions must be more creative and careful in implementing higher education management strategies so that students and alumni feel

satisfaction while attending school so that they say positive things about schools, which in turn attract the interest of prospective students to register. The ability of tertiary institutions to manage tertiary institutions will determine the progress and development in the future to compete. Problem Formulation what is the effect of service quality, and institutional image on customer satisfaction at Private College in Banjarmasin? Research Objectives Analyzing service quality, and institutional image of customer satisfaction at Private College in Banjarmasin.

## **II. Literature Review**

Kotler and Keller (2007: 177) is a feeling of pleasure or disappointment someone who appears after comparing the performance (results) of the product being thought against the expected performance (or results). If the performance is below expectations, the customer is not satisfied. If performance meets expectations, the customer is satisfied. If the performance exceeds expectations, the customer is very satisfied or happy. So, satisfaction is a function of perception or impression of performance and expectations. If performance is below expectations, the customer is not satisfied. If performance meets expectations, the customer will be satisfied. If the performance exceeds expectations, the customer will be very satisfied or happy. The definition of customer satisfaction is formulated by Barnes (2003: 4) is a customer response to the fulfillment of their needs.

According to Lovelock and Wirtz (2011: 74) "Satisfaction is an attitude that is decided based on the experience gained. Satisfaction is an assessment of the characteristics or features of a product or service, or the product itself, which provides a level of consumer pleasure related to the fulfillment of consumer consumption needs. Consumer satisfaction can be created through service quality and value. According to Kotler and Keller (2009: 138), companies will act wisely by measuring customer satisfaction regularly because one of the keys to maintaining customers is customer satisfaction.

### **Service Quality**

Parasuraman et al., (1988) define service quality as "a reflection of consumers' evaluative perceptions of service received at any given time". While Zeithaml and Bitner (2003) Quality of service (service), is the expected level of excellence and control over the level of excellence to meet customer desires.

Furthermore, According to Wyckoff (2002), service quality is the expected level of excellence and control over excellence is to meet customer desires. In other words, two main factors affect the quality of service namely expected service and perceived service Tjiptono (2005: 262) and Supriadi (2017). According to Parasuraman, et al., (1985: 44) there are five dimensions of service quality in the order of their importance, as follows:

a). Reliability (*Reliability*)

The company's ability to provide services as promised accurately and reliably. Performance must be under customer expectations which mean timeliness, the same service for all customers without errors, sympathetic attitude, and with high accuracy.

b). Responsiveness (*Responsiveness*)

A policy to help and provide fast (responsive) and appropriate services to customers, by delivering clear information. Let consumers wait for negative perceptions of service quality.

c). Guarantee and Certainty (*Assurance*)

Knowledge, politeness, and the ability of company employees to grow customer trust in the company. This includes several components including communication, credibility, security, competence, and courtesy.

d). Empathy (*empathy*)

Give sincere and individual or personal attention given to customers by trying to understand the desires of consumers. Where a company is expected to have understanding and knowledge about customers, understand customer needs specifically, and have a comfortable operating time for customers.

e). Proof physical (Tangibles)

The ability of a company to show its existence to external parties. Appearance and capability of company physical facilities and infrastructure that can be relied upon by the environment around them is clear evidence of the services provided by the service provider. This includes physical facilities (e.g. buildings, warehouses, etc.), equipment and equipment used (technology), as well as the appearance of its employees.

### **Institutional Image**

The company's image is how consumers see and pay attention to the company (Gronroos, 1990: 4), therefore, the image of the company in this case private tertiary institutions has an important meaning and has a very big influence in the context of an institution not on profit, but more than that is a long-term benefit. The

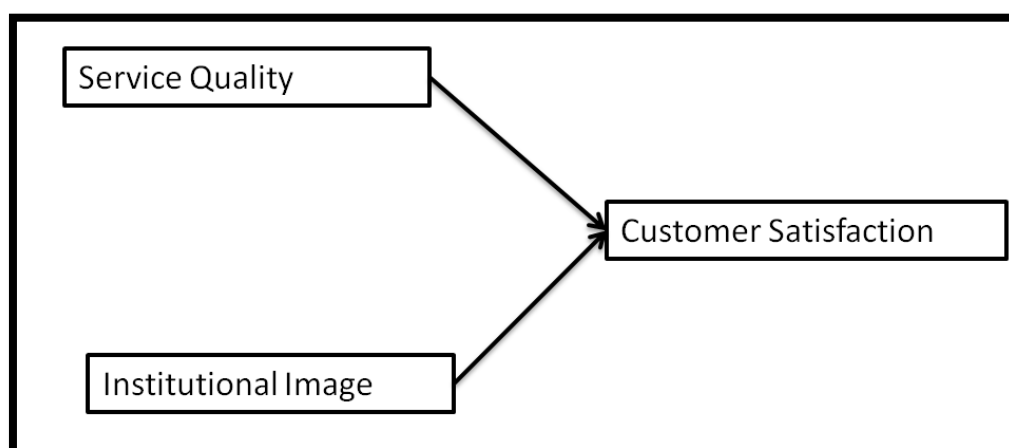
institutional image has a strong impact on customer/student decisions affecting the maintenance of students and the appearance of potential students, Arpan et al., (2003) University image can be defined as the sum of all individual beliefs in choosing a university *Corporate Image* defined as a perception of a company that is reflected in the associations contained in the memory of consumers

Kotler and Fox (1995: 28), an image is an overall impression a person has of an object. This may be based on different information for various public parties in an institution, because the organization has several different publics, a company does not have one message but several messages. Research by Nguyen and Leblanc (2002) states that corporate image is related to physical and company-related attributes such as names, buildings, products/services. So that everyone is interested in the company, the quality of the services provided must be better.

An image of the company or institution formed is supported by indicators from the company. Universities as service company institutions must try to create a positive image in the hearts of the people so that people will decide to register their family members to study at the college. The image creation (image) is not in a short time, because the public is very sensitive and critical of the circumstances owned by a college. In Huddleston's research (1982: 365), the components of an educational institution's image are determined by academic reputation, campus appearance, cost, personal attention, location, career placement, social activities, study programs and size.

### III. Research Methods

This research is quantitative research with an explanatory research approach, based on the questionnaire. So this research starts from describing and examining the relationship and influence of service quality variables, institutional image, customer satisfaction, students of private colleges in the city of Banjarmasin. By using an approach done using Regression Coefficient in analyzing 185 active students, at least they are in semester 5 (five).



**Figure 1 Conceptual Framework for Research**

#### Hypothesis

H1: Service quality has a significant effect on customer satisfaction at Private Colleges in Banjarmasin.

H2: Institutional Image has a significant effect on WOM at Private Colleges in Banjarmasin.

#### Population and Sampling Techniques

The population in this study was all students at Private College in Banjarmasin City amounted to 23,294 students in 2016 as many as 14 Private Colleges in Banjarmasin City.

The target population of private colleges in the city of Banjarmasin is accredited B, and students are already in semester 5 (five) with the consideration that the students have experienced education services so that they can evaluate their perceived satisfaction, the students have been proven not to migrate to other universities, the number the target population of 522 people consists of two Private College namely (1) Banjarmasin College of Economics Indonesia Banjarmasin totaling 450 students as the target population, (2). Sari Mulia Banjarmasin College of Health Sciences (STIKES) numbered 72 students. Determination of sample size using the Slovin formula (Sanusi, 2011: 101), by using a tolerance of 6% inaccuracy, the sample size can be calculated as follows:

$$n = \frac{552}{1 + \frac{552 \times (0,06)^2}{552}}$$

$$n = \frac{552}{1 + 1,99}$$

$$n = \frac{552}{2,99}$$

$$n = 184,6 \approx 185$$

Thus based on the above calculation, the number of samples is 185 students. The sampling technique uses simple random sampling.

#### IV. Research Result

The results of the analysis related to the model feasibility index figures explain that the evaluation of the model produces a better feasibility value than the initial model. The feasibility of the model has fulfilled all the eligibility requirements including the results of the Chi-Square test, the P chi-square value is greater than 0.05 at a significant level of 0.05 so that the evaluation model in this study can be accepted as the final model for interpretation and hypothesis testing.

**Table 1**  
**Regression Coefficient Test Results**

Influence		Koef.	CR	P-value	Information
From	To				
Service Quality	Customer satisfaction	.222	2,230	0.026	Significant
Institutional Imagery	Customer satisfaction	0.618	4,935	0,000	Significant

Source: Primary Data, processed in 2019

In the first equation, the determinants of customer satisfaction, namely service quality, institutional image, these determinants are positive, meaning good service quality will drive high customer satisfaction.

#### V. Discussion

Service quality affects customer satisfaction at Private Colleges in Banjarmasin. This means that high or low customer satisfaction is also explained by the quality of service. Quality of service directly contributes to customer satisfaction, namely the quality of services provided to students has responsiveness to the needs of students during their education i.e.Private College provide scholarships for students. Besides, the High School helps students when faced with academic problems contributing to shaping customer satisfaction at the Private High School in the City of Banjarmasin, in addition to being followed by the availability of advisory lecturers and the High School can serve the needs of students quickly.

The findings of the study indicate that the quality of service through the High School providing scholarships for students will have a positive impact on customer satisfaction. This can be proven that the quality of services provided, namely Private College providing scholarships for students that have an impact on students who study at this high school will provide students in building critical thinking.

The results showed the image of the institution had a positive and significant contribution to customer satisfaction. This means that the high and low customer satisfaction at Private Colleges in the city of Banjarmasin is explained by the Institutional Image. Contributing Institutional Image directly contributes to customer satisfaction, namely the Institutional Image of high school which is the choice of students is the reputation seen by students in choosing where to study. Besides, tradition and corporate identity contribute to shaping customer satisfaction at Private College in the city of Banjarmasin.

## VI. Conclusion

Service quality and Institutional Image have a significant effect on customer satisfaction, meaning that the better the quality of service and the Institutional Image of higher education, the more it will increase customer satisfaction in private colleges in the city of Banjarmasin. The Institutional Image has a greater influence and becomes the determining variable of its influence on customer satisfaction than price, and service quality.

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