Innovation to the Best Service Quality of Private Universities in ASEAN-Free Market

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Abstract: This study aims to determine the significant effect of economic advantages on student satisfaction, as well as the variables of human resource capability, management commitment response, customer response, product improvement and process improvement to student satisfaction, knowing the significant effect of economic advantages on student loyalty, variable of human resource capability, management commitment, student response, product improvement and process improvement to student loyalty. The research population is all management/business students of private universities in South Kalimantan Indonesia with 215 respondents by using selected purposive random sampling method. The empirical test is done by testing hypothesis using quantitative approach. Through this approach, the research process can be conducted in a structured manner and using a sample of research in quantities that can be considered as representative of the population of the study. The sampling method used is purposive sampling by giving subjects list of questions according to the criteria of respondents in the study. Technique of collecting data is by survey and distributing questioner as main data collecting instrument and completed with observation, interview and documentation so that the data obtained would be really accurate. The questionnaire uses a closed question pattern, in which alternative answers to questions have been provided. For scoring answer the questionnaire using Likert scale, that contains five answer level which is ordinal type scale. Verifikatif analysis of the questionnaires validity and reliability is done by testing the influence with the help of Amos ver 18 computer programs. SEM program allows to test some independent variables as well with some dependent variables to test the overall research model by looking at the correlation and influence between variables either directly or indirectly. The test result proves that there is strong correlation between exogenous variables and endogenous variables, that economic advantage has a significant effect to student satisfaction, while the ability of human resources doesn’t have not significant effect to student satisfaction, other variable is the response of management commitment, customer response, product improvement and process improvement each has a significant effect to student satisfaction, and economical excellence, human resource capability, commitment of management commitment, customer response, product improvement and process improvement each has a significant effect on student loyalty.
Keywords: Economic Excellence, Satisfaction, Student Loyalty

1. INTRODUCTION

Study about loyalty and satisfaction becomes very interesting when the competition is very tight and comprehensive, including in education. Various problems in Higher Education including Private Universities in eastern Indonesia will be closely related to student loyalty and satisfaction. Scientific studies in the international world has been very much done which will basically be very supportive in order to improve the quality of education. Kotler (2003).

Loyalty and satisfaction will give solution such: (i). Economic excellence will be crucial to the success of a nation to face competition in order to be equal to developed countries of the world, Macmillan in Aaker (1992) in Tjiptono (2001). (ii) Human resource capability according to Robbins (1996), Gibson in Swastha Dharmmesta (1997) will have an impact on loyalty and satisfaction, (iii) Response to management commitments if carried out very well will impact loyalty and satisfaction. Zangaro (2001). (iv) Response to customers will greatly affect the level of service to consumers and will have an impact on satisfaction and loyalty. Bhagat and Black (2001). (v) Improvement of the product means the service will provide the best results or can exceed consumers’ expectations, which means it will also be able to make customers to be loyal & satisfied. Feigenbaum (1986), Garvin (1998). (vi) Improving business processes will make the company exceed its performance better than its competitors, that would certainly be able to make customers to be loyal & satisfied. (vii) Satisfaction is to establish a harmonious relationship between producers and consumers that will impact on repurchase (loyalty). (Abidin, Bakar, & Haseeb, 2014, 2015; Abidin & Haseeb, 2015; Abidin, Haseeb, Azam, & Islam, 2015; Abidin, Haseeb, & Islam, 2016; Abidina, Haseeb, & Jantan, 2016; Fandy, 2002).

Although the advancement of the world of education has been highly visible globally with the rapidity of information and transportation media, still the discovery of issues related to loyalty and satisfaction in Private Higher Education are as follows: (i) Still lack of competence and management insight and related parties to advance private universities. (ii) The lack of human resource innovation and global perspective, (iii) The lack of academic or scientific culture that resulted in private universities unpreparedness to compete in ASEAN level, not to mention in global level. (iv) Higher Education Management limited by individual interest, not thinking forward (v) Basically private universities are more business oriented that has impact on students interests (vi) Lack of renewal insight mentality creation which resulted in rise and fall of private universities (Halder and Chandra, 2012; Dumbu, 2014; Pan, 2014; Esia-Donkoh, Amihere and Addison, 2015; Vahdany, and Gerivani, 2016;Akuegwu and Nwi-ue, 2017; Masciantonio and Berger, 2018).

Some of the solution include the following: (i) Private Higher Education learns more to apply the management of Private Higher Education in national and ASEAN level (ii) Private Higher Education respond more quickly to progression in order to create human resources of quality and global perspective. (iii) Do a lot of things by which the academic and scientific cultures can be created (iv) Private universities do a mental campaign of renewal, anticipating rapid and massive changes (v) Creating an ASEAN-level vision and mission which is implemented gradually and quickly to avoid being outdated.
Some researches evaluated to determine the importance of global service paradigm and consumer loyalty are: (i) Improving the paradigm of the importance of human resources of global quality. (ii) Insufficient application of human resources capable of bringing about changes in progress. (iii) Implementation of academic culture and campus life values with ASEAN and global insight. (iv) Unsuitable vision and mission that will accelerate change and progress.

The research on customer service paradigm & loyalty in Indonesia contributes to develop service and loyalty studies for development in the context of regional autonomy in South Kalimantan Indonesia. (i) Application of theory related to service, satisfaction and loyalty has been implemented in line with the implementation of regional autonomy. (ii) Relating to research that is not very good quantity or quality, especially compared to ASEAN countries. (iii) The best service paradigm that affects satisfaction and loyalty is already part of the public demand in the current era of regional autonomy. But it still takes time, although global progress has been very fast and amazing (Wijayanto and Sumarwan, 2016; Vahdany and Gerivani, 2016; Jayakumar, 2016; Akuegwu and Nwi-ue, 2017; Verma, Stoffova and Zoltán, 2018; Kweka and Ndibalema, 2018; Owagbemi, 2018).

The best service paradigm relates to the statement of the experts that the consumer is strongly committed to the re-purchase of goods and services, Oliver, Rust, and Varki (1997), by complement will be the main concern to be studied and developed in Indonesia. So whether the best service paradigm can be applied according to this theory or waiting for readiness that perhaps will never be ready to be able to take the backwardness of other developed countries in the world. The current research to provide one of the solutions that service standards toward ASEAN level quality will contribute positively to excellent service and consumer loyalty in South Kalimantan Indonesia.

2. METHODOLOGY

2.1 Research Sites

This research was conducted in June - September 2016 in South Kalimantan Indonesia at 7 Private Universities Management/Business Department in South Kalimantan Indonesia such as: (i) Uniska MAAB Banjarmasin, (ii) STIENAS Banjarmasin, (iii) STIE PAN Banjarmasin, (iv) STIMI Banjarmasin, (v) STIA BINA BANUA Banjarmasin, (vi) STIEI Banjarmasin, and (vii) STIAT Tanjung Tabalong South Kalimantan Indonesia.

2.2 Response of Research Variables

The variables used in this study are: Economic Benefits (X1), Human Resources (X2), Management Commitment Response (X3), Customer Response (X4), Product Improvement (X5) and Process Improvement (X6) Consumer Satisfaction (Y1), and Student Loyalty (Y2)

2.3 Sampling Techniques

Sample is part of the population whose characteristics are to be suspected/investigated and considered to be representative of the population. The sampling method used is Purposive Sampling. Purposive Sampling is a sample selected based on certain considerations based on research objectives. Singarimbun and Effendi (1989). This method is used by giving list of questions with the criteria of respondents in research, ie six or seven semester students in Private Higher Education or High School of Management/Business in South Kalimantan Indonesia, which is chosen by the author, because are considered to be able to understand correctly about questions the authors ask, in assessing the services provided by private universities.
The number of samples also refers as required in SEM/Structural Equation Modeling, Hair et al. (2006) in Wijanto (2008) while the estimation used is technical Generalized Last Square Estimation (GLS).

2.4. Data Collection and Processing.

The type of data is quantitative data obtained from the qualitative data questionnaire quantified through scoring. This data is obtained from the data collected directly from the students or primary data. The data collection tool in this study relies on the questionnaire as the main data gathering tool, and is completed with observation, interview and documentation, so that the data obtained is accurate. The questionnaire uses a closed question pattern, in which alternative answers to questions have been provided. For the scoring of the questionnaire answers, the researcher uses Likert scale, containing five levels of answers which is an ordinal type scale.

2.5 Data Analysis Techniques

In analyzing the data, researcher using SEM (Structural Equation Model) with the help of Amos 18 computer program. Data is processed by using statistical analysis tool to obtain conclusions about the condition and results of data obtained. Data analysis techniques used in research is structural models and equations (SEM) which are statistical techniques that enable the testing of a relatively complex and simultaneous set of relationships. The structural equation model is:

\[ Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e \]

Prior to using the SEM model, the first test of the constructions is the exogenous and endogenous contrast, namely economic advantages (X1), human resource capability (X2), management commitment response (X3), customer response (X4), product improvement (X5) and process improvement (X6) consumer satisfaction (Y1), and student loyalty (Y2)

2.6 Fit Model Rating

The feasibility of a SEM model is determined by several test parameters i.e P-Value, SMSEA, GFI, IFI and individual matches of each path through t value, generally the feasibility criteria of the Fit model are shown as follows

The above results show that the model obtained has met the requirements of the model in general. This is shown by each value that has met the criteria as shown in the table. Given the suitability of the model in general, further is testing individual match t test with a probability value of p <0.05 which signifies the significance of:

The result of the above analysis shows that all exogenous variables give significant effect to endogenous variables. In other words, the Hi hypothesis is accepted, unless the human resource variable (X1) that has no significant effect on the satisfaction variable (Y1) for more details the hypothetical test results are arranged as follows:

a. Variable of economic advantage (X1) has a significant effect on student satisfaction (Y1)
b. Variable human resource (X2) has no significant effect on student satisfaction (Y1)

3. RESEARCH RESULT

3.1 Respondents' Overview

Based on the results of data completion in the field, through the measurement of answers obtained from 215 respondents selected and giving back data, obtained description about respondents characteristics (gender, education level and location distribution) described as follows: The sample consists of men as many as 102 or 47% women as many as 113 or 53%. For high school/senior high school level 215 or 100% are high school/senior
high school graduates, because they are students of semester 6 and 7 or final semester. Furthermore, from private universities are: (i) Uniska MAAB Banjarmasin 35 or 16%, (ii) STIE Nas Banjarmasin 25 or 12%, (iii) STIEI Banjarmasin 25 or 12%, (iv) STIMI Banjarmasin 30 or 14%, (v) STIE PAN Banjarmasin 35 or 16%, (vi) STIA Tabalong Tanjung 35 or 15%, (vii) STIA BINA BANUA 30 or 14% and subsequently for per semester distribution is 6th semester as many as 139 or 65% and 7th semester by 76 or 35%.

3.2 Testing Data

Full results can be found as follows: The significance test is done by comparing the value of r arithmetic with r table degree of freedom (df) n-k in this case n is the number of samples and k is the construct. In this case df can be calculated 215-6 or df 209 with alpha 0.05 obtained r table 0.135. If the count r (for each item can be seen in the Corrected Item-Total Correlation column) is more than the r table and the positive value, and if in this table is all larger, then all questions are valid. Ghozali (2001).

This research consist of 8 variable is economic advantage, human resource capability, management commitment, customer response, product improvement, process improvement, satisfaction and loyalty of management / business student in South Kalimantan. Furthermore, it will be explained in the table of hypothesis test results such as table 2.

3.3 Analysis of Inter-variable Relationships

To give an explanation of the relationship between variables can be observed picture of the following relationship Amos Output.

The test results of the structure model are shown in the diagram below as shown below: According to table 2 and figure 1 then the test results of the structure model is:

Given the suitability of the model in general, further testing individual suitability t test with probability value p <0.05 marks significance.

4. DISCUSSION

The results of the analysis according to the results of individual matching tests (see Table 2) shows all exogenous variables have significant effects on endogenous variables in other words hypothesis received by Hi unless the variable ability of human resources (X2) has no significant effect on student satisfaction variable (Y1).

(i) The influence of economic advantage on student satisfaction.

The direct influence of the variable of economic advantage (X1) which has indicator that students can utilize the private universities facility maximally, students can study at affordable cost, the administrative activity for the private universities academic process is served well by 0.078 can be interpreted that every increase of one standard deviation variable of economic advantage while other variables are constant, will increase student satisfaction level by 0.078 standard deviation. Thus from the results of both tests above, the first hypothesis can be accepted. This means that consumer satisfaction is influenced by economic benefits, in terms of students can utilize the facilities of the private universities maximally, students can study at affordable costs, administrative activities for the academic process of the private universities served well. In other words, consumer satisfaction changes are caused by economic benefits. The results of this study strengthen the results of empirical research which concludes that economic benefits significantly affect student satisfaction, such as Exmawati (2014), Prasetyo (2010), Hutomo (2007), Suryani, Kurniawati, and Lestari (2001), Tjahjono.
(2009). This means that the higher the value obtained by students from universities, the better the customer (student) satisfaction on the brand product or brand company. The results of these studies prove the theory by Macmillan in Aaker, (1992) in Tjiptono (2001), which said that State is having comparative advantages, if, producing goods that cost less than other countries. This means economic advantage will affect consumer satisfaction.

(ii) Effect of Human Resource Capability on consumer satisfaction.

Direct Influence of human resources ability variable has an indicator, that in terms of skill expected at private universities is very high, and optimal performance professionalism so that high work efficiency and sending human resources to domestic and/or abroad to increase ability, by 0.093 can be interpreted that every increase of one standard deviation variable economic advantage while other variables are constant, will not increase student satisfaction level by 0.093 standard deviation. Thus according to the individual fit test in table 2, the second hypothesis is unacceptable. This means that consumer satisfaction is not influenced by the ability of human resources, in terms of skill that is very high expected in the private universities, and optimal performance professionalism so that work efficiency are high and sending human resources to domestic and/or abroad to improve ability. In other words, consumer satisfaction change is not caused by human resource capability. The results of this study is similar with the results of empirical research that concluded that the ability of human resources have no significant effect on student satisfaction, such as Budi Prasetyo (2010), Hendro Tjahjono (2009) and Suryani et al. (2001). This means that the ability of human resources owned by universities is below students/consumers’ expectation. Therefore private universities should pay attention about it for the future. The results of this study contradict the theory by Lee and Bruvold (2003), which said that Human Resource Development has a vital to direct, encourage, motivate employees skill improvement and development, that are implemented in work to achieve the effectiveness of human resources in the organization which in this case will affect performance and customer satisfaction.

(iii) Influence of Management Commitment Response to Consumer satisfaction

The direct influence of management commitment (X3) variable by 0.076 can be interpreted that every increase of one standard deviation of management commitment response variable while other variables constant, will increase student satisfaction level by 0.076 standard deviation. Thus from the test results of the two test matches above, the third hypothesis can be accepted. This means that consumer satisfaction is influenced by the response of management commitment. In other words, consumer satisfaction change is caused by the response of management commitment. The results above are not different from the results of several previous studies which states that management commitment has a significant effect on customer satisfaction, such as Hendro Tjahjono (2009), Suryani et al. (2001), Prasetyo (2010). This means that the higher the value obtained by students from universities, the better the customer (student) satisfaction on the brand product or brand company.

The results of these studies prove the theory by Mowday, Steers, and Porter (1979) in Miner (1992), which stated that organizational commitment as a relative strength of the individual in identifying his involvement into organization. This attitude is characterized by three things: 1. Strong trust and acceptance to organizational values and goals. 2. Willingness to really work on behalf of the
organization. 3. A strong desire to maintain membership within the organization which further affects consumer satisfaction.

(iv) Effect of customer response on student satisfaction.

The direct effect of responding variable on customer (X4) by 0.098 can be interpreted that every increase of one standard deviation of customer response variable while other variable constant, will increase student satisfaction level by 0.098 standard deviations. The results of this study support the results of some previous research that states that the response on the customer significantly affect student satisfaction, such as Budi Prasetyo (2010), Hendro Tjahjono (2009), Hartline and Ferrell (1996), Zeithaml, Bitner, and Gremler (1996). This means that the higher the value obtained by customers from the company, the more responses are responded, the better the customer/student satisfaction on the brand product or brand company. The results also prove the theory by Kotler (2001), Bhagat and Black (2001), Nugroho (2005) which stated that the response to the customer will lead to the customer to purchasing stage which is the final stage where customers making purchase on particular product brand (Yazid & Suryanto, 2017).

(v) The effect of product improvement on student satisfaction

The direct effect of product improvement variables 53 by 0.077 can be interpreted that any increase of one standard deviation of product improvement variables while other variables constant, will increase student satisfaction level by 0.077 standard deviation. Thus from the test results matching the two tests above the sixth hypothesis can be accepted truth. This means that consumer satisfaction is influenced by process improvement. In other words, changes in customer satisfaction are caused by process improvements. The results above do not contradict the results of previous research which states that process improvement has a significant effect on customer satisfaction such as Budi Prasetyo (2010), Tjahjono (2009), Suryani et al. (2001). It means that the better the improvement of educational activity process in the Higher Education will be the better the student's satisfaction level. The cause or reason of the organization or company to improve
the business process of goods or services is
to maintain its position in the market. The
steps are as follows: Record and pay
attention to what is done now, Measure the
process based on the needs and wants of
the customers. Measuring process based on
the need and the will of the customers.
Take notes and examine the improvements
that have been made. Then the circle of
action is repeated again until a certain
point of satisfaction.

5. CONCLUSION

The results of research that has
been implemented concluded as follows:

1. (i) Students can utilize private universities
facilities maximally, students can follow
lectures at affordable cost, administrative
services for academic activities private
universities facilities served well (ii)
Satisfaction is not influenced by the ability
of human resources, in terms of very high
skill expected at private universities and
optimal performance professionalism
resulting in high work efficiency and
sending human resource to domestic
and/or abroad to improve capability. (iii)
Lecturers teach according to their
competences, teaching has been
implemented as required by using
technology such as computer, LCD and
internet, private universities provide the
best service to students, teaching and
learning activities went well (iv) Private
universities management respond to
students' complaint & problems that occur,
campus always pay attention to their
service., the management always give
attention and encouragement for the
activities of students outside the lecture.
(v) Private universities give
encouragement for extracurricular
activities, campus cooperate with
companies, the quality of graduates and
education is always cultivated to the best
results. (vi) Private universities have
served the teaching-learning process with
more function of Administration Bureau or
secretariat, private universities utilizing
banking services in academic process
activities. (vii) Seven other variables are
economic advantages (X1), Human
Resource Capacity (X2), Response
Management Commitment (X3), Customer
Response (X4), Product Improvement (X5)
and Process Improvement (X6) and
Consumer Satisfaction significantly affect
student loyalty and give direct contribution
to student loyalty.

2. Contribution of this research to the
development of science: basically a good
theory can be applied in general, but
sometimes certain theories can be applied
adapted to the situation and conditions in
South Kalimantan Indonesia.

3. Limitations of research are: (i) The result
of the respondent's answers has not been
optimal yet, due to time and place limit, so
some data is retrieved and distributed
through representation, and in data
measurement using questionnaire, the
accuracy of the answers depends on the
respondent's opinion. (iii) Data
generalization is limited to research
variables implemented. The results of the
study are difficult to extrapolate into
different contexts, but can be adapted to
the object of research.

4. Suggestion for future researchers: (i) To
conduct research using qualitative methods
with different variables and/or different
locations. (ii) From a research with
significant result and a good theoretical to
be applied adapted to situation in
Indonesia.

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Description: Influences Y1 and Y2

Figure 1: Conceptual framework of research variables influences on Y1 and Y2.

Table 1  MODEL DESCRIPTION RATINGS WITH DATA

<table>
<thead>
<tr>
<th>GOF CRITERIA</th>
<th>VALUE</th>
<th>INTERPRETATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>The chi-square ratio with df</td>
<td>126.57</td>
<td>Results are less than 5 and more than 2</td>
</tr>
<tr>
<td></td>
<td>1.23</td>
<td></td>
</tr>
<tr>
<td>Probability value</td>
<td>0.0574</td>
<td>More than 0.05</td>
</tr>
<tr>
<td>Root mean square error of Approxomation (RMSEA)</td>
<td>0.082;</td>
<td>The value between 0.8-1.0 so that the model is quite reasonable category and not in the category of rejection</td>
</tr>
<tr>
<td>Goodness of fit index (GFI)</td>
<td>0.815</td>
<td>The value is close to 1 and falls from the number 0 remains &lt;0.90</td>
</tr>
<tr>
<td>Incremental Fit Index IFI</td>
<td>0.981</td>
<td>The value 1 and away from the number 0, and more than 0.90 means the fit model.</td>
</tr>
<tr>
<td>Comparative fit index (CFI)</td>
<td>1.00</td>
<td>Value 1, equal to 9 means this model is Fit.</td>
</tr>
</tbody>
</table>

Source: Amos SEM Calculation 18
Table 2 RESULT OF SOCIAL INDIVIDUAL MATCHING TEST

<table>
<thead>
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<th>Influence</th>
<th>Estimate</th>
<th>p</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y1</td>
<td>X1</td>
<td>.272</td>
<td>.021*</td>
</tr>
<tr>
<td>Y1</td>
<td>X3</td>
<td>.012</td>
<td>.012*</td>
</tr>
<tr>
<td>Y1</td>
<td>X4</td>
<td>-.037</td>
<td>.003*</td>
</tr>
<tr>
<td>Y1</td>
<td>X5</td>
<td>-.113</td>
<td>.000**</td>
</tr>
<tr>
<td>Y1</td>
<td>X6</td>
<td>.032</td>
<td>.001*</td>
</tr>
<tr>
<td>Y1</td>
<td>X2</td>
<td>-.008</td>
<td>.058</td>
</tr>
<tr>
<td>Y2</td>
<td>X1</td>
<td>.025</td>
<td>.000**</td>
</tr>
<tr>
<td>Y2</td>
<td>X3</td>
<td>.005</td>
<td>.002*</td>
</tr>
<tr>
<td>Y2</td>
<td>X4</td>
<td>.085</td>
<td>.020*</td>
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<td>.053*</td>
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<tr>
<td>Y2</td>
<td>Y1</td>
<td>.011</td>
<td>.000**</td>
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