THE IMPACT OF PERCEIVED SERVICE QUALITY ON REPURCHASE: A STUDY OF A DISTANCE EDUCATION INSTITUTION

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Abstract

The success of service industry is highly dependent on consumer satisfaction, including in higher education institutions. Customer satisfaction is strongly influenced by the quality of the service, how the needs and desires of consumers can be met in accordance with customer expectations. Customers will compare the value of the consumed services that have been done, so this will affect the decision to re-purchase. This study aims to analyze the effect of perceived service quality to repurchase decision. Data obtained by distributing questionnaires to students and as many as 126 questionnaires can be used for further analysis. The results showed that perceived service quality has positive effect on customer satisfaction, customer satisfaction has positive effect on perceived value and perceived value has positive effect on repurchase.

Keywords: perceived service quality, customer satisfaction, perceived value, repurchase

Introduction

Service organizations are organizations that have different characteristics with organizations that produce goods (manufacture). The difference of service is that service has unique characteristic that can not be seen, felt, or heard prior to purchase (Kotler and Keller, 2006). Consumer satisfaction can only be found out after consuming the service. The development of service industry is very rapidly these days. This condition should always be balanced with the efforts of improving management and marketing become more specific and professional. The nature of the services that can not be recognized directly by consumers led the consumer to provide an assessment after "buy" services. Customer satisfaction of services that have purchased is also affected by how consumers perceive the quality of services received. Customer satisfaction of the service received greatly influence consumer re-purchase decisions.

Services in this case are defined as services delivered by the owner of the service in the form of speed, convenience, relationships, abilities and hospitality addressed through attitude and the nature of providing services to customer satisfaction. Service quality can be assessed by comparing the consumer perceptions of service, which obviously accepted, with actual services they expect to attributes of the services offered. The relationship between producers and consumers not only occur at the time of purchase, but to exceed it for the consumer feel satisfied with the service received.

Universitas Terbuka (UT) as a higher education institution that implements open and distance education system increasingly faced with the formidable challenge given the increasing number of universities in Indonesia. As an illustration, in 2006/2007 there were 2,556 private universities, while in 2007/2008 the number rose to 2,596 private

universities. Until the year of 2013, the number jumped again to 3,017 private universities. If the number is combined with number of state universities, of course there is more fantastic number of total universities in Indonesia. By reading the data, UT need to further emphasize its uniqueness by organizing an open and distance education system to attract more consumers. The essence of distance learning is the separation between students and teachers which mean students have to be able to study independently. To support the system, UT provides a variety of learning materials, basically in the form of printed and non-printed materials. UT also provides learning support services based on internet and a face to face tutorial.

Given the fact that distance education system is an education system that is "not common" to all Indonesia community, which means that people are more familiar with the conventional education system, the quality of service in UT should be a major concern to establish consumers satisfactioan. As have stated before, in a view of the service industry, service quality is the strongest driving factors of customer satisfaction. Given the importance of the quality of service to the purchasing decision on the UT as described, then this paper will analyze the effect of perceived service quality to re-purchase decision.

Literature Review and Hypotheses

Perceived Service Quality

Customers that receive a good service can establish customer loyalty and increase market share, especially in the service industry. Therefore, a good service becomes an important factor in the operation of the company. Kotler and Keller (2006) suggest that the service is any activity or benefit that is offered by one party to another that is essentially intangible. In essence, the service is a series of activities, because it is a process. As a process, the service takes place regularly and continuously covers the entire life of the organization in society.

Service quality is defined as the ratio between expectations and actual performance of the services (Parasuraman et al., 1988). The definition of quality itself is very spacious; one of the simple notions of quality is the ability of a product or service to meet the needs of consumers (Heizer and Render, 2010). In line with that definition, Stevenson (2010) assess the quality of a company's operations is the certain level when the performance of a service or goods are met or exceeded customers expectations. Lovelock and Wirtz (2007) stated that the quality of services is a cognitive evaluation by consumers of the delivery of services from producers in the long run. Zeithaml *et al.* (2006) also stated those consumers' asses the quality of service based on their perceptions of the technical aspects provided by the service providers, the process and the quality of the physical environment in which the services are provided to consumers. The definition of quality by the customer based on three aspects: (1) the quality of technical and functional organization, (2) services, delivery services, and environmental services, or (3) reliability, responsiveness, empathy, assurance and tangibles associated with service perceived (Brady and Cronin, 2001).

In the operational level, research on service quality is often dominated by the SERVQUAL instruments, based on a model of the gap between the services received and the service expected. However, there are other views in assessing the quality of service that is using the customer's perception of quality that includes core and relational quality (McDougall and Levesque, 2000). This perception includes the perception of the place, the perception of the personnel, as well as the perception of

price. In this study, perception of place is the perception of UT's building, perception of personnel is perception of the staff, and price perception is perception of the tuition paid by students.

Customer Satisfaction

Satisfaction can be defined as a fulfillment of something or make something to be adequate. Kotler and Keller (2006) define satisfaction as someone's feeling of pleasure or disappointment resulting from comparing between the perceptions of a product's performance with expectations. Thus, satisfaction or dissatisfaction of customers is the difference between expectations and perceived performance, assessment of purchase expectations with perceived performance at the time of purchase of the product or service. If performance is less than the expectations of customers, customers become dissatisfied. If performance is fitted with the expected performance, then the customer will be satisfied. If performance exceeds the expectations, then the customer will be very satisfied.

In connection with this customer satisfaction, the company has always tried to keep customers achieve a high level of satisfaction. Because if "only satisfied", customer will still be easy to move to a better offer. But if the customer is very satisfied, then the customer may be reluctant to switch to other offers. High satisfaction creates a very strong emotional relationship with a brand, which is not just a rational preference, which in turn will create high customer loyalty (Kotler and Keller, 2006).

Perceived Value

Perceived value associated with an overall assessment of the usefulness of consumer goods or services based on the perception of what is acceptable and what is given (Zeithaml, 1988). Perceived value is also defined as the ratio of exchange between the benefits received by the sacrifice issued (Sweeney and Soutar, 2001). Research shows that service quality positively affect perceived value (Cronin et al, 2000). In addition, the perceived value is considered to be a better predictor of repurchase intention than satisfaction or quality. Bolton and Drew (1994) connects repurchase with perceived value. When perceived value associated with the quality and sacrifice by the customer, the customer's decision is determined based on their level of satisfaction derived from the quality of service. Customers also can assess the quality of service that will shape their level of perceived value.

Repurchase

Repurchase intentions become important aspect in a variety of industries. Customers who feel satisfied with what they have bought (either goods or services) tend to make repeat purchases. Likewise, if the customer is not satisfied with what they have bought, most likely customers will switch to other products or services. Repurchase intentions can be defined as an individual's decision to buy back the same services from the same company in accordance with the situation at hand (Hellier *et al*, 2003). Tsiotsou (2006) stated that the repurchase is a behavior in which consumers buy back its products previously purchased. In the context of this study, repeat purchase in question is re-registration done by the students in the following semester.

Based on the theoretical background, the proposed hypotheses are as follows.

H1: Place perception is positively impact on customer satisfaction
H2: Personal perception is positively impact on customer satisfaction
H3: Price perception is positively impact on customer satisfaction
H4: Customer satisfaction is positively impact on perceived value
H5: *Perceived value* is positively impact on repurchase

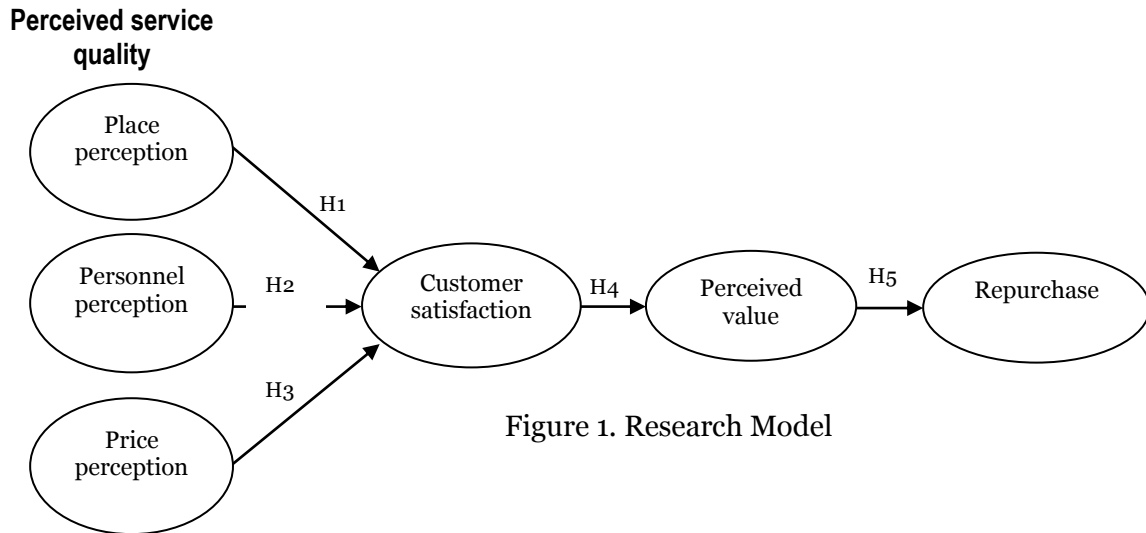The research model as shown in Figure 1.

Perceived service quality

Figure 1. Research Model

This study was designed to analyze the influence among variables as defined in the hypothesss that requires further testing. The population in this study is all UT students who re-register in the next semester whereas the sampling method used is nonprobability sampling with sampling technique is purposive sampling. We chose students in semester 2 and semester 3 with the consideration they have re-registered and their experience as UT's students are relatively new. The sample used here is limited to specific types of people who are able to provide the information needed because they are the only source of information or because they are in accordance with the criteria set by the researcher (Sekaran, 2003). The sample sizeto be used in this study is a minimum of 100 samples. The method of data collection is done through a survey using a questionnaire. The questionnaires were given directly to the students at UT's building in accordance with the purpose of research to find out students' assessment about the service of UT. To achieve the research objectives and prove the five hypotheses which have been arranged, then some statistical test were conducted in this study. The first step is to test the validity and reliability of the data that has been collected from survey respondents using Confirmatory Factor Analysis (CFA) and coefficient of Cronbach's Alpha. The next step is to test hypotheses to determine the effect among variables by using path analysis. This study uses six variables, namely place perception, personal perception, price perception, customer satisfaction, perceived value, and repurchase. Each variable has its own indicators that can be summarized as in Table 1.

Table 1. ResearchVariables dan Indicators

No.	Variables	Indicators
1	Place perception	Place perception 1-4

2	Personnel perception	Personnel perception 1-4
3	Price perception	Price perception 1-4
4	Customer satisfaction	Customer satisfaction 1-5
5	Perceived value	Perceived value 1-4
6	Repurchase	Repurchase 1-3

Results and Discussion

The data was collected is as much as 126 questionnaires. Furthermore, a validity test was conducted using Confirmatory Factor Analysis (CFA). Based on the calculation results of the CFA, showed that the convergent validity acceptable are items that have a factor loading greater than 0.40, significant at the 5% significance level, and clustering in each group of variable. The first factor analysis results showed that there are two indicators, namely place perception 3 and personal perception 4 are invalid. Place perception 3 is not clustered in its groups of variables that indicate that the indicator place perception 3 is not able to support the formation of a place perception variable. Price perception 4 clustered in two groups of variables indicates that the question is biased in price perception 4. This indicator can be clustered on place perception variable and personal perception variable. Founding that both indicators aren't valid, and then they were excluded from the next analysis. After the second validity test, the results showed that all indicators have a factor loading values greater than 0.4 and clustered in groups of variables. This means that all indicators and all valid research variables.

Next analyisis was reliability test using Cronbach's Alpha coefficients and item-to-total correlation to test the reliability of each variable. The results of reliability test was all variables have Cronbach's Alpha value greater than 0.60. This means that all variables have met the reliability test. In other words, the internal consistencies of the items in the questionnaire questions are acceptable. The full results of the reliability test using Cronbach's Alpha can be seen in Table 2.

Table 2. Reliability Test Results

Variable	*Cronbach's Alpha Based on Standardized Items*	
Place Perception	0.855	Reliable
Personnel Perception	0.897	Reliable
Price Perception	0.915	Reliable
Customer Satisfaction	0.927	Reliable
Perceived value	0.854	Reliable
Repurchase	0.807	Reliable

Hypothesis testing was done by using path analysis with three stages of analysis. The first step was to analyze the model with place perception, personnel perception, and price perception as independent variables, while the dependent variable is customer satisfaction. The next stage is to analyze the model with the independent variable is customer satisfaction and the dependent variable is perceived value. The third stage is to analyze the model with the independent variable is perceived value and the dependent variable is repurchase. By using statistical models of linear regression in SPSS version 17, then the value of t as parameter estimation, the value of multiple correlation coefficient (R), the coefficient of multiple determination (R^2), and regression coefficients for each independent variable was obtained. This study use α of

0.05 which means it has a 95% confidence level. Referring to the above restrictions, then, if the value of p ≤ 0.05 means that the independent variables significantly influence the dependent variable, with a confidence level of 95% and a maximum tolerated deviation rate of 5%. The coefficient of multiple determination (R^2) indicates the ability of the independent variables together explain the variation of the dependent variable. For more details, regression test results can be seen in Table 3 - Table 5.

Table 3. Regression Results (step 1)

Independent Variable	Dependent Variable	*Standardized Coefficient*	t	Sig t
Place perception	Customer satisfaction	.355	3.480	.001
Personnel perception		.277	2.677	.008
Price perception		.160	1.906	.059
R^2				.502
Adjusted R^2				.490
F				40.976
Sig F				.000

Table 4. Regression Results (step 2)

Independent Variable	Dependent Variable	*Standardized Coefficient*	t	Sig t
Customer satisfaction	Perceived Value	.665	9.914	.000
R^2				.442
Adjusted R^2				,438
F				98.284
Sig F				.000

Tabel 5. Regression Results (step 3)

Independent Variable	Dependent Variable	*Standardized Coefficient*	t	Sig t
Perceived Value	Repurchase	0.457	5.719	.000
R^2				.209
Adjusted R^2				.202
F				32.711
Sig F				,000

If summarized in the picture, then the t-test results in a path analysis for each hypothesis as in Figure 2 below.
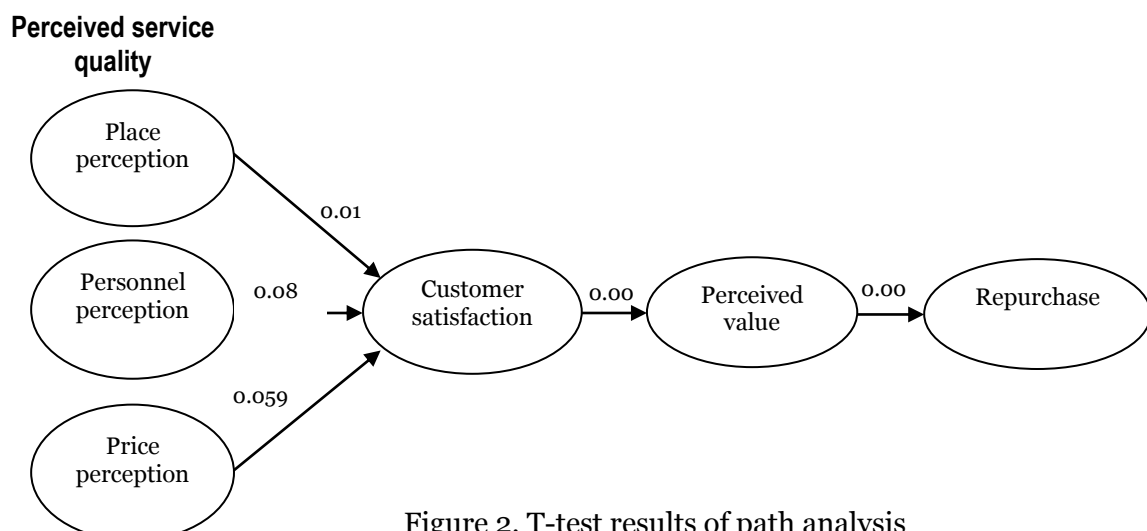

Figure 2. T-test results of path analysis

Based on the test results in Table 3, 4, and 5, showed that together all the independent variables have a significant effect on the dependent variable. However, the value of R^2 is lower in every relationship, that is only 0.502 (50.2%), 0.442 (44.2%) and 0.209 (20.9%). These results indicate that, overall, the effect of each independent variable on dependent variable variation can only be explained by the model is equal to the value of R^2, the rest is explained by unobserved factors. However, from the point of the contributions made by each independent variable, it can be seen that each of the independent variables provide a positive and significant effect on the dependent variable. In general, it can be said that perceived service quality effect on student satisfaction that can encourage students to repurchase.

In the case of UT, these findings showed that UT should strengthen the service to students in order to achieve customer satisfaction. In fact, by the distance education system, it is possible for student to not re-register on the next semster. This is in accordance with the principle of distance education, which is flexible, which means giving flexibility to students to determine which courses will be taken, how many credits, and the period of study. This system has a disadvantage that students can easily leave UT or did not complete his/her studies. Therefore, UT should improve services to students in terms of improve the comfort of the place, the friendliness and speed of personnel who serve, as well as at appropriate price.

Conclusion

This study aims to analyze the repurchase (in this case re-registration) UT students are influenced by the perceived service quality, customer satisfaction, and perceived value. Data were obtained through questionnaires and 126 questionnaires filled and can be used for further analysis. The results of path analysis showed that variable of perceived service quality impacts on customer satisfaction, customer satisfaction impacts perceived value and perceived value impacts repurchase. The results of this study support the results of previous studies, among others, by Cronin et al., (2000) which showed that service quality positively impacts service value. In addition, the perceived value is considered to be a better predictor of intention to repurchase than satisfaction or quality. When the perceived value associated with the quality and customer sacrifice, the customer's decision is determined based on their level of satisfaction derived from the quality of service. Customers also can assess the quality of service that will shape their level of perceived value that will ultimately influence the decision to repurchase.

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