

Effect of Total Quality Service on Customer Value, Customer Relationship Management, Corporate Image, Customer Pride and Its Impact on Customer Engagement Private High Education In East Java

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ABSTRACT: *This research is about the Influence of Total Quality Service on Customer Value, Customer Relationship Management, Corporate Image, Customer Pride and its Impact on Private University Engagement of Private University in East Java. The study population was a total of 90,895 students from 10 leading private universities in 6 cities of East Java. Using Slovin formula with a tolerance of 5%, the sample size was 398 respondents. Test model with Generalized Least Square Estimation (GLS), structural equation model (SEM) analysis, proportional random sampling method and Amos 22 software aid, on 398 respondents. The test results show the model (fit) seen from the value of GFI, AGFI, TLI, CFI, RMSEA and CMIN / DF, each of 0.937, 0.921, 0.967, 0.964, 0.063 and 1.570 are all within the expected range of values so that the model can be accepted. The results showed that: Total quality service influence on customer value. 2.). Total quality service affects CRM. 3). Total quality service affect the corporate image. 4). Total quality service affects customer pride. 5). Customer value affects the customer pride. 6). Customer value has no effect on customer engagement. 7). CRM affects customer pride. 8). CRM affects customer engagement. 9). Corporate image affects customer pride. 10). Corporate image affects customer engagement. 11). Customer pride affects customer engagement Private Higher Education in East Java. The result of this research is a significant contribution especially in marketing management, related to customer pride and customer engagement of private universities in East Java. To other researchers it is advisable to further examine the factors that affect total quality service, customer value, CRM, corporate image, which can improve customer pride and customer engagement universities, which are not only related to the variables that have been discussed in this study.*

Keywords: *Total quality service, Customer value, CRM, Corporate image, Customer pride, customer engagement, Private Higher Education*

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I. INTRODUCTION

The dynamics of life today make Maslow's hierarchy of needs has grown to six stages and stratified according to his interests. Initially the five stages were arranged in pyramid and started from the bottom, namely physical needs, security needs, social needs, reward needs, and needs self-actualization. The development of technology related to information and communication, causing a paradigm shift that exists so far. The emergence of the sixth stage of Maslow's hierarchy is the need for knowledge (Maslow, 2007). Today the world is facing a tough challenge that is a convergence of the impacts of globalization. The challenge that has never been experienced by humanity before this is the increasing importance of knowledge as the main driver for a nation. The competitiveness of a nation is defined by Porter as a country's share of the world's markets for its products (Porter, 2002, Tjiptono and Diana, 2010). Competitiveness is increasingly independent of the wealth of natural resources and cheap labor, but increasingly dependent on knowledge owned and controlled by a nation.

In general, the institutions of the source of the fulfillment of knowledge needs are educational institutions. In addition to the search for knowledge, the contributions that the institution provides are social needs, reward needs and self actualization needs. Strata in college is the level of further education which has become the obligation for the community group (demographically) to be undertaken. Improvement with regard to the fulfillment of knowledge needs (or the effort to improve social status) in the community makes the increasing number of universities in Indonesia.

National economic conditions that have not improved at this time, have an impact on the declining purchasing power of society, this decline also certainly impact on the education sector, especially higher education. It can be seen that from year to year the interest of prospective students to continue to higher education level is much reduced, this can be observed, especially in almost all private universities in East Java.

The problem now is how to compete for the existing student candidate and get the same number of prospective students even if it may be larger than in previous years, so that the college still exist.

Table 1 shows that there was a significant decrease in the number of students for private universities in East Java from 2011 to 2015, although in 2013 there was an increase. For the period of 2011, there was a decrease in the number of students in 2012 as many as 17,402 students (3.36%), in 2013 increased 10,895 students (2.11%), decreased by 82,767 students (15.99%) 2015 there was a decline in return of 108,665 students (20.995%).

Table 1.Number of Private Higher Education Students in East Java

| Num. | Type of PHE | Period 2011 | Period 2012 | Period 2013 | Period 2014 | Period 2015 |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1. | University | 375.522 | 364.264 | 370.212 | 282.524 | 266.694 |
| 2. | Institute | 48.506 | 44.828 | 48.953 | 52.984 | 48.026 |
| 3. | High School | 80.577 | 77.012 | 90.959 | 77.735 | 70.204 |
| 4. | D3 | 11.089 | 11.575 | 14.597 | 16.762 | 17.645 |
| 5. | Polytechnic | 1.875 | 2.488 | 3.743 | 4.797 | 6.335 |
| Total | | 517.569 | 500.167 | 528.464 | 434.802 | 408.904 |

PHE: Private Higher Education

Source: www.kopertis7.go.id.

In line with the Law on National Education System No 20/2003 which explicitly states, the quality control and evaluation of education should be conducted both on study programs and on educational institutions in a sustainable way. Private Higher Education (PHE) in East Java is currently conducting quality assurance in their respective institutions. It indicates the increasingly heavy tasks of private universities, and the increase of competitors for private higher education providers, in addition to special strata-level education programs held by public universities (extension programs) that influence the interest of prospective students to continue their education to private universities, although the number or distribution of private college students is still larger than the public college students. In addition to competing for new prospective students, the task is no less important is to keep the existence of active and non active students from the college concerned, so they do not drop out half way because they feel dissatisfied with the service received compared to the desired expectations . Therefore required a pattern or service system appropriate to achieve the purpose or goal.

Technological support becomes an inevitable choice to be used in order to create a quality product, good service and ease for customers to be realized, even the application of information technology becomes one of the determinants of competitive advantage in the increasingly keen college competition and tend to be customer pride oriented. Under tight competition conditions, which should be prioritized is consumer trust to the college (customer trust), so that universities can survive, compete and control the market share.The success of marketing a product is often not enough simply by offering various advantages possessed by the service. Precisely the most important is whether the provision of these products are in accordance with the wishes and can meet the needs of university consumers so as to enhance the pride of college consumers. The success of such marketing can only be achieved through the implementation of marketing strategies that involve college companies and consumers.

Customer pride is a pleasure that customers feel when using a product that can provide an atmosphere of joy. Customers are people who receive the work of a person or organization, then those who can determine what quality and they can convey what and how their needs. Everyone in the company must work with internal and external customers to determine their needs and work with internal and external suppliers (Fazal, 2013). Currently customer pride becomes the focus of attention by almost all parties, both government, business people, customers and so on. This is due to the better understanding of the concept of customer pride as a strategy to win the competition in the business world. Customer pride is an important thing for the service provider, because the customer will disseminate his or her sense of fun to the prospect, thereby increasing the reputation of the service provider.

II. LITERATURE REVIEW

2.1 Total Quality Service

Tjiptono (2014); Ahire (1996) mentions that Total Quality Service (TQS) can be defined as a strategic and integrative management system that involves all managers and employees, as well as using leather methods and quantitative methods to continuously improve organizational processes, in order to meet even exceed the needs, desires, and customer expectations. Andri and Iskandar (2009), Feliks A (2013), Hendro (2009).

2.2 Customer Relationship Management (CRM)

Customer Relationship Management (CRM) is the customer's perception of the ratio of costs and benefits of the company in a continuous and reciprocal relationship, in which the parties involved in this relationship, receive short-term costs due to future compensation expectations, in which they receive greater benefits or lower costs. Buttler (2007) states "CRM is a core strategy in business that integrates internal processes and functions with all external networks to create and realize value for the target consumers profitably." CRM is supported by quality consumer data and information technology. So CRM is a business strategy to realize value for customers by integrating internal factors with external factors.

2.3 Customer Value

According to Woodruff (1997, 2006), customer value is a perceived choice of customers and an evaluation of the attributes of products and services, attribute performance and consequences arising from the use of the product to achieve the purpose and intent of the consumer when using the product. Woodruff also defines customer value as a customer's perception of the desired consequences of using a product. The customer value can be defined by the preferences that the customer feels toward the product characteristics, performance and how far they have fulfilled what they want (Altje, 2014).

2.4 Corporate Image

According Panjaitan (2009), corporate image is the public perception of the identity proffered. Or in other words corporate image is how the community in this case buyers, suppliers, consumers, or society as a whole mempresepikan company. Such perceptions can be made by the public from various information presented by the company and translated by the community. Such information may be in the form of information provided by the company's products, advertisements about the company, articles mated, tabloids and newspapers, sales or public relations teams representing the company, or anything that becomes the contact between the consumer and the the company. From that contact an image of the company formed Aditya and Saarce (2015).

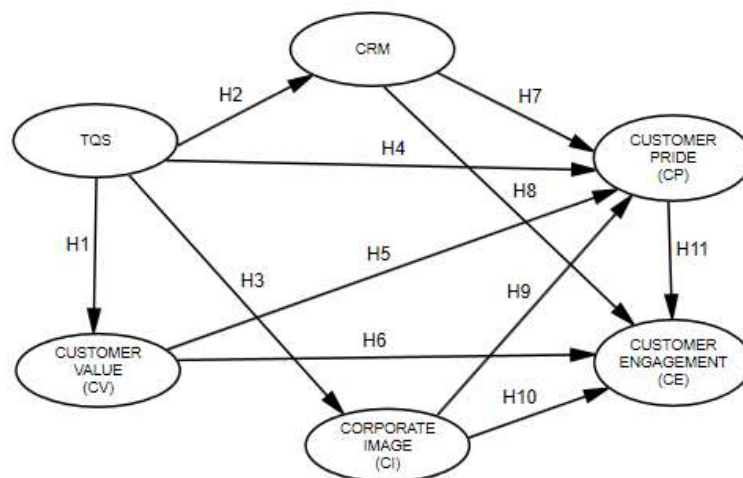
2.5 Customer Pride

Customer pride is a pleasure that customers feel when using a product that can provide an atmosphere of joy. Customers are people who receive the work of a person or organization, then those who can determine what quality and they can convey what and how their needs. Everyone in the company must work with internal and external customers to determine their needs and work with internal and external suppliers. Fazal (2013), Imasari and Parvez (2009).

2.6 Customer Engagement

According to the expert customer relationship management (CRM), Paul Greenberg (2016) defines customer engagement as "the ongoing interaction between company and customer, offered by the company, by customer." Or in other words, customer engagement is about how to build interaction and intimacy between a company and its customers (Cindy, 2015).

2.7 Theoretical Framework



Figur 1. Conceptual Framework

The variables used were explained as Figure 1 and each relationship of an independent variable with dependent variable represent hypothesis.

2.8 Research Hypotheses

Based on the problem formulation and theoretical studies and conceptual framework in Figure 1, the hypothesis is proposed as follows:

1. Total quality service significantly influence the customer value Private Higher Education.
2. Total quality service significantly influence CRM Private Higher Education.
3. Total quality service has a significant effect on corporate image of private universities.
4. Total quality service significantly influence customer pride Private Higher Education.
5. Customer value have significant influence to customer pride Private Higher Education.
6. Customer value has a significant influence on customer engagement Private Higher Education.
7. CRM has a significant effect on customer pride Private Higher Education.
8. CRM has a significant effect on customer engagement Private Higher Education.
9. Corporate image has a significant effect on customer pride Private Higher Education.
10. Corporate image has a significant effect on customer engagement Private Higher Education.
11. Customer pride has a significant effect on customer engagement Private Higher Education.

III. RESEARCH METHODE

3.1 Research Subjects

The population of the study was 90,895 students from 10 prominent Private Universities in 6 cities in East Java, as shown in Table 2. Referring to the Slovin formula with a tolerance of 5%, the sample adequacy amounted to 398 respondents. Determination of the number of samples in each university sample area by determining the proportion according to the number of college students studied with the formula Taro Yamane. Model testing was performed using Generalized Least Square Estimation (GLS), structural equation model analysis (SEM), with the help of Amos 22 software. Sampling by proportional random sampling method (Hair, 2010).

Table 2. Total Population and Student Samples by Location

| Location | Name of Higher Education | Number of Students | Number of Respondents |
|----------------------------------|-----------------------------------|--------------------|-----------------------|
| Surabaya | 1. STIE Perbanas Surabaya | 3.143 | 14 |
| | 2. Universitas 17 Agustus 1945 | 10.335 | 45 |
| | 3.Universitas Kristen Petra | 8.583 | 38 |
| Malang | 1.Universitas Muhammadiyah | 37.760 | 165 |
| | 2.Universitas Merdeka | 3.602 | 16 |
| | 3Universitas Islam Malang | 7.963 | 35 |
| Madiun | IKIP PGRI Madiun | 5.203 | 23 |
| Ponorogo | Universitas Muhammadiyah Ponorogo | 1.650 | 7 |
| Jember | Muhammadiyah Jember | 5.742 | 25 |
| Sidoarjo | Universitas Muhammadiyah Sidoarjo | 6.914 | 30 |
| 10PHE Exclusive East Java | | 90. 895 | 398 |

PHE: Private Higher Education

3.2 Research Measurement

Variable Total quality service is formed from several sub-variables which include: commitment response, product improvement, process improvement, customer orientation response, human resource excellent, and economics advantage. This sub-variable commitment response is operationally measured using 3 (three) indicators developed by Ahire (1996); Tjiptono (2014), namely: Affection Commitment, Continision Commitment, and Normative Commitment. This sub-variable of product improvement is operationally measured using 3 (three) indicators developed by Tjiptono (2014), namely: Improvement of services, Quality Improvement, and Improvement of potential products. The process improvement sub-variables are operationally measured using 3 (three) indicators developed by Tjiptono (2014), namely: Improvement of operational processes, Improvement of operational support processes, and Improvement of the process of supporting the success of student studies. The subscriber orientation response subscriber is measured using 3 (three) indicators developed by Tjiptono (2014), namely: Student complaint response, proactive action to students, and Innovative Services. This sub-variable human resource excellent is operationally measured using 3 (three) indicators developed by Tjiptono (2014), namely: Human Resource Skills, HR Performance, and Human Resource Development. This economic benefit sub-variable is operationally measured using 3 (three) indicators developed by Tjiptono (2014), namely: Cost savings, low cost image, and efficiency policy.

This Customer Value variable is operationally measured using 4 (four) indicators developed by Altje (2014), Tjiptono (2015), namely: Emotional value, Social value, Quality value, and Price / value of money. This Customer Relationship Management (CRM) variable is operationally measured using 3 (three) indicators developed by Buttle (2007), Parvatiyar and Jagdish (2001): Continuity Marketing, One to One Marketing and Partnering Program. This corporate image variable is operationally measured using 3 (three) indicators developed by Kotler (2014), Alma (2014), namely: Academic Reputation, Campus Appearance, and Career in the future. This Customer pride variable is operationally measured using 5 (five) indicators developed by Fazal (2013): Positive Word of Mouth, Display of Affiliation, Customer Acquisition, Pro-Organization Self-Actualization and Brand Loyalty. This Customer Engagement variable is operationally measured using 3 (three) indicators developed by Dea Naomi (2015), Dwi Kusuma (2016): Cognitive attachment, Cognitive attachment, and Attitudinal attachment.

IV. RESULT AND DISCUSSIONS

4.1 Characteristics of Respondents

Characteristics of respondents of leading private college students in East Java are based on: 51.8% male and 48.2% female, while the age group 19-22 years is 57.5% (229 respondents) of total respondents, age group greater than 23 - 25 years as many as 41.2% (164 respondents), and age group greater than 25 years as many as 1.3% (4 respondents). Furthermore, based on the semester level of semester 6 respondents as many as 47.7% (190 respondents), respondents 7th semester 7 as many as 24.6% (98 respondents), the number of respondents level semester 8 of 27.6% (110 respondents) of total respondents.

4.2 Results Testing Instrument

The results of testing the validity showed significant for all indicators or the item in question, which means that the indicators or items of questions for each of the variables included in the questionnaire have been eligible validity. From the results of Pearson product moment correlation, it is known that all of the question items on the questionnaire correlated significantly to the error rate of 5% (** <0.05), so we can say all of the item in question is valid and can be processed further.

Reliability test results with test Cronbach alpha (α) in this study indicate that all variables of the study are reliable, since the entire value of the alpha coefficient of each variable larger study of standardized (0.6), so that each item question on measurement instruments can be used. The value of the corrected item total correlation of the entire item in question is greater than 0.3.

4.3 Confirmatory Factor Analysis

Results of confirmatory factor analysis of the measurement model of research based on the results of statistical tests, obtained value of the loading factor for each indicator forming study variables is greater than 4, therefore, all indicators of research variables are indicators that significantly shape each study variable.

Table 3.Confirmatory Factor Analysis

| Variable Name | Loading Factor | Variable Name | Loading Factor |
|------------------------------|----------------|----------------------------|----------------|
| Total quality service | | Customer Value | |
| TQS→Tqs1 | 0,655 | Value→val1 | 0,351 |
| TQS→Tqs2 | 0,687 | Value →val2 | 0,904 |
| TQS→Tqs3 | 0,991 | Value→val3 | 0,433 |
| TQS→Tqs4 | 0,382 | Value→val4 | 0,880 |
| TQS→Tqs5 | 0,329 | | |
| TQS→Tqs6 | 0,344 | | |
| CRM | | Corporate image | |
| CRM→crm1 | 0,930 | IMG→img1 | 0,660 |
| CRM→crm2 | 0,536 | IMG→img2 | 0,674 |
| CRM →crm3 | 0,339 | IMG →img3 | 0,418 |
| Customer pride | | Customer engagement | |
| PRIDE→sql1 | 0,750 | ENGAGE →eng1 | 0,403 |
| PRIDE→sql2 | 0,877 | ENGAGE→eng2 | 0,352 |
| PRIDE →sql3 | 0,910 | ENGAGE →eng3 | 0,698 |
| PRIDE →sql4 | 0,785 | | |
| PRIDE →sql5 | 0,804 | | |

4.4 Model Test Results

The structure of the model used to describe models of causality research with tiered relationship. Model baseline (Proposed Model) has been created, analyzed by structural equation modeling with the help of software AMOS 22. Goodness of fit of the votes, the probability is equal to zero (chi-square value is large) so that the null hypothesis can not be rejected, or accept the null hypothesis that states the sample covariance and covariance population is not the same. But on the evaluation of regression weight, all variables have a causal

customer pride variables influence the customer engagement of private universities in East Java. The result of this research is a significant contribution especially in marketing management, which is related to customer pride and customer engagement of private universities in East Java.

Based on the results of analysis and hypothesis test research that has been done before then from this study can be drawn conclusion as follows: 1). Total quality service affects the customer value of private universities in East Java. 2). Total quality service affects CRM private universities. 3). Total quality service affects corporate image of private universities. 4). Total quality service affects the customer pride of private colleges. 5). Customer value affects the customer pride of private universities. 6). Customer value has no significant effect on customer engagement of private universities. 7). CRM affects the customer pride of private colleges. 8). CRM affects the customer engagement of private universities. 9). Corporate image affects the customer pride of private universities. 10). Corporate image affects the customer engagement of private universities. 11). Customer pride has no significant effect on customer engagement of private universities.

The researcher gave some suggestions as follows:

Higher Education managers should pay more attention to, and improve the customer value of their customers (students), given the low influence of customer value of private colleges to customer engagement private universities in East Java. This can be done by improving the processes of total quality service that has been run, also should always involve students in all campus activities, so that students feel they have a campus presence. It also needs to be socialized to academics and students about the existence of existing courses in the college environment. Given the low influence of customer pride on customer engagement.

To other researchers it is advisable to further examine the factors that affect total quality service, customer value, CRM, corporate image, which can improve customer pride and customer engagement universities, which are not only related to the variables that have been discussed in this study .

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