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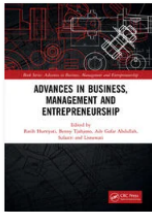
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Chapter

## The influence of perceived service quality and perceived price on students' satisfaction and recommendation

By *N.A. Sugiharto, R. Hurriyati*

Book [Advances in Business, Management and Entrepreneurship](#)

Edition	1st Edition
First Published	2020
Imprint	CRC Press
Pages	4
eBook ISBN	9781003131465

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### ABSTRACT

This study examines the influence of perceived service quality and perceived price on students' satisfaction and recommendation in higher education institution. The sample consisted of 155 students who majority had

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The influence of perceived service quality and perceived price on students' satisfaction and recommendation

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Abstract ▲

This study examines the influence of perceived service quality and perceived price on students' satisfaction and recommendation in higher education institution. The sample consisted of 155 students who majority had learnt in Poltekpos and STIMLOG of Bandung. The sample was taken by convenience sampling. The data was collected by survey with questioner method. Path analysis with Amos technique was the statistical method chosen to measure influence of perceived service quality and perceived price on students' satisfaction for recommendation to others. The results indicate that perceived service quality has a significantly positive influence on students' satisfaction, but perceived price has negative influence on students' satisfaction. The result also indicate that students' satisfaction has significantly positive influence on recommendation to others.



# Advances in Business, Management and Entrepreneurship

ISSN : 2639-8249 (Online)

ISSN : 2639-8257

## Book series editor:

Ratih Hurriyati

*Universitas Pendidikan Indonesia, Bandung, Indonesia*

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PROCEEDINGS OF THE 4TH GLOBAL CONFERENCE ON BUSINESS MANAGEMENT & ENTREPRENEURSHIP (GC-BME 4), BANDUNG, INDONESIA, 8 AUGUST 2019

# Advances in Business, Management and Entrepreneurship

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**CRC Press**

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Typeset by MPS Limited, Chennai, India

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*Library of Congress Cataloging-in-Publication Data*

Applied for

Published by: CRC Press/Balkema  
Schipholweg 107C, 2301 XC Leiden, The Netherlands  
e-mail: [Pub.NL@taylorandfrancis.com](mailto:Pub.NL@taylorandfrancis.com)  
[www.routledge.com](http://www.routledge.com) – [www.taylorandfrancis.com](http://www.taylorandfrancis.com)

ISBN: 978-0-367-67471-7 (Hbk)

ISBN: 978-1-003-13146-5 (eBook)

DOI: 10.1201/9781003131465

<https://doi.org/10.1201/9781003131465>

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# **The Influence of Perceived Service Quality and Perceived Price on Students' Satisfaction and Recommendation**

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**ABSTRACT :** This study examines the influence of perceived service quality and perceived price on students' satisfaction and recommendation in higher education institution. Sample consists of 155 students who majority has learning in Poltekpos and STIMLOG of Bandung, taken by convenience sampling. The data was collected by survey with questioner method. Path analysis with Amos technique is statistical method chosen to measure influence of perceived service quality and perceived price on students' satisfaction for recommendation to others. The results indicate that perceived service quality has a significantly positive influence on students' satisfaction, but perceived price has negative influence on students' satisfaction. The result also indicate that students satisfaction has significantly positive influence on recommendation to others.

**Key words:** Perceived service quality, perceived price, students' satisfaction, recommendation

## **1 INTRODUCTION**

Student satisfaction is important to be discussed, considering that there is a good effect if the students are satisfied, and vice versa (Sumaedi et al, 2011).

"Psychologists have found that student satisfaction helps to build self-confidence, and that self-confidence helps students develop useful skills, acquire knowledge". On the other hand, student dissatisfaction can lead to negative student activities, such as a bad grade, an unpleasant relationship between the student and the staff, faculty, and friends (Letcher and Neves, 2010; Athiyaman, 1997). Based on the previous explanation, it is important to discuss about factors which determine students' satisfaction.

Students' perceived service quality has more effect on student's satisfaction compared to students' perceived price fairness (Sumaedi et al, 2011) Students who had satisfactory educational experiences are expected to recommend the university to others, and this

is also an important predictor of attending the same institution in the future (Boulding et al, 1993).

Study on influence of perceived service quality and perceived price on students' satisfaction already done a lot, including is after students satisfied, is it true that students will give a recommendations to others.

The purpose of this study was to examine how the influence of perceived service quality and price perception on student satisfaction and on student recommendations to others in higher education institutions.

## **2 LITERATURE REVIEW**

### *2.1 Students' Perceived Service Quality*

Perceived quality is a general overall appraisal of service (Ismail, et al, 2009). perceived quality should be conceptualized as "similar to an attitude" approach



(Cronin and Taylor, 1992). Perceived quality is defined as the difference between customer expectation and customer perception towards service performance. If customer perception is higher than customer expectation, the customer will have higher perceived quality, vice versa (Parasuraman, et al., 1988; 1994). While the perceived service quality is defined as “a global judgment, or attitude, relating to the superiority of the service” (Parasuraman, et. al., 1988). Kang and James (2004) assert that perceived service quality is the core issue of service quality in the services marketing literature.

## 2.2 *Students' Perceived Price*

Price is the amount of money or goods needed to acquire some combination of other goods and its accompanying services (Hanif, et al., 2010). Furthermore, according to Kotler and Armstrong 2010; Hanif et al., 2010), price is the amount of money charged for a product or service, or the sum of the values that customer exchange for the benefits of having or using the product or service. In the other hand, perceived price defines as customer perception about what is sacrificed to obtain a product or service (Zeithaml, 1988; Lien and Yu, 2001); Aga and Safakli, 2007). According to Lien and Yu (2001), perceived price can be measured by the fairness of price to be paid. Thus, the more reasonable or the cheaper the price paid, the more satisfied the customer on the price of a product or service (Clemes, et al., 2008)

## 2.3 *Students' Satisfaction*

Satisfaction as the emotional evaluation that shows how far consumers believe that the use of the services can generate positive feelings (Jen and Jung, 2003). This means customer satisfaction is related to customer's emotional evaluation. Furthermore, some experts, such as Oliver (1980), Tse and Wilton (1988), and Yi (1990) believe that customer's satisfaction lies in the “disconfirmation of consumer expectations” paradigm while a positive disconfirmation leads to customer satisfaction and negative disconfirmation will lead to customer dissatisfaction (Ismail et al, 2006; Jamali, 2005). This means satisfaction is a function of customer experience and expectations of various services outcomes.

## 2.4 *Recommendation*

Study involved university students and identified strong links between service quality and favourable future behavioural intentions and their strategic importance to the university. The favourable future behavioural intentions included praising the university,

planning to pledge to contribute money to the class upon graduation, and planning to recommend to an employer as a good place from which to recruit (Boulding et al, 1993).

Students who had satisfactory educational experiences are expected to recommend the university to others, and this is also an important predictor of attending the same institution in the future (Boulding et al., 1993)

The Intention to Attend the same university in the future is positively influenced by students' level of Satisfaction. Similarly, the Intention to Recommend the university to other people is also positively influenced by students' level of satisfaction (Kao, 2007).

Bone (1992) has contended that high levels of service quality leads to perceived value as well, consequent increased satisfaction and stimulates positive word of mouth, whilst researchers such as Soares and Costa (2008) have empirically demonstrated perceived value to be consistent antecedent of word-of-mouth activity. Much of the literature has focused on positive behavioural outcomes resulting from positive assessments of value.

## 3 METHODS

Lien and Yu (2001) reported, “In most service industry marketing literature, perceived service quality captures the spot light, while perceived product quality is absent. For most service industries providing intangible service and tangible goods, these two forms of products both play important roles in consumer satisfaction and loyalty”. As educational institution can be categorized as pure services (Oldfield and Baron, 2000; Solomon et al., 1985).

The exploratory and confirmatory factor analyses have shown that service quality is made up of six latent dimensions (teaching, administrative services, academic facilities, campus infrastructure, support services and internationalization). These results could help leaders of institution to better recognize the factors contributing to service quality, so that they are able to discreetly provide better services that enhance student satisfaction, motivation and loyalty (Annamdevula and Bellamkonda, 2014).

Student perceived price is measured by using statement about the total price/cost should be borne by the students, including the tuition fee, cost of books and teaching materials that modified from the work of Kao (2007)

Parasuraman et al.'s (1994) satisfaction model, whereas, customer satisfaction was influenced by three abstract concepts, i.e. perceived product quality, perceived service quality and perceived price. On certain service industries, the characteristic of their product make it possible to combine two variables (perceived product quality, perceived service quality) into a single variable, namely perceived service quality (Natalisa and Subroto, 2003; Clemes, et al., 2008). Moreover, Lien and Yu (2001)

The Intention to Recommend (future attendance) construct was measured using two items are intention to choose some university and intention to continue for further studies at the same university (Kao (2007).

The research model showing relationship between all variables which have been discussed above is presented in figure 1.

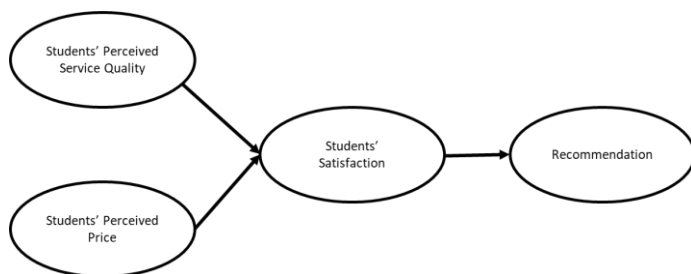


Figure 1: Research Model

The following hypotheses are :

H1. Students perceived service quality has a significantly positive influence on students' satisfaction.

H2. Students perceived price has a negative influence on students' satisfaction.

H3. Students perceived service quality and perceived price together have significantly positive influence on students' satisfaction.

H4. Students' satisfaction has a significantly positive influence on recommendation.

## 4 RESEARCH METHODOLOGY

### 4.1 Sample and Data Collection

The sample for this study was 155 students who majority has learning in Politeknik Pos Indonesia and Sekolah Tinggi Manajemen Logistik Bandung. Data were collected through on line questionnaire. In measuring the items representing the constructs

shown in the research model we used the multi-scaling method, namely likert scale (7-point).

### 4.2 Data Analysis Method

This study used path analysis with AMOS and SPSS version 23 test. First of all, validity and reliability test are conducted. Validity test was conducted by item analysis (item to total analysis) approach; meanwhile reliability test was conducted by alpha Cronbach approach. Second, some data assumption tests, i.e. normality test, multicollinearity test, autocorrelation test, and linearity test, are done. Lastly, a multiple regression analysis is conducted to test the hypothesis. All data analysis is conducted with 95% significant level.

## 5. RESULT AND DISCUSSION

### 5.1 Validity, Reliability, and Normality Test Result

From the validity test, it is showed that each the question items have significant levels (p-value) less than 0.05. This means that each question items was valid. From the reliability test, the alpha value for each constructs is ranging from 0.763 until 0.914 greater than 0.7. This means that the measurement scales were stable and consistent in measuring the construct. Normality test performed is Kolmogorov-Smirnov method and from the test conducted, we obtained asymp.sig. (Alpha) values of 200, which is greater than 0.05. This means that the curve of standardized residual value shaped a normal spread.

### 5.2. Hypotheses Testing

The results are shown in table 1 as below :

- Positive and significant influence between students perceived service quality and students' satisfaction (support the hypotheses H1).
- Negative influence between students perceived price and students' satisfaction (support the hypotheses H2)
- Positive and significant influence between students' satisfaction and recommendation (support the hypotheses H4)

Table 1. Regression weights

			Estimate	P
Students' Satisfaction	<---	Perceived Service Quality	1,059	***
Students' Satisfaction	<---	Perceived Price	-,036	,407
Recommendation	<---	Students' Satisfaction	,897	***

\* Result of statistical test 2019

Furthermore, the results for hypotheses H3 with SPSS test shown on table 2 below :

Tabel 2. Anova results for regression analysis

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	168.413	2	84.207	151.063	.000 <sup>b</sup>
	Residual	84.729	152	.557		
	Total	253.143	154			

a. Dependent Variable: Students' satisfaction

b. Predictors: (Constant), Students perceived price, Students perceived service quality

From table 2 appears that students perceived service quality and perceived price together have positive significantly influence on students' satisfaction (support the hypotheses H3).

### 5.3 Discussion

This research shows student perceived quality has a positive significant influence toward student satisfaction. Thus, any increase in student perceived quality will result in an increase of student satisfaction. Previous literatures show that student perceived quality has a positive significant effect on student satisfaction (Hanief et al., 2010; Yunus, et al., 2010; and Letcher and Neves, 2010).

Another finding of this research is the student perceived price has a negative influence on student satisfaction. It means that any increase in student perceived price will result in the decline of student satisfaction.

This finding is in line with the findings of some service marketing researcher like (Malik, 2012) said that brand image, service quality and price are correlated to customer satisfaction. Increase in price has shown to have a negative impact on customer satisfaction. (Kao, 2007) shows that student perceived price has no impact on student satisfaction by several reasons. First, this research is conducted in a developing country. Meanwhile, Kao's research is conducted on developed country. On developed countries, education cost is not a big deal for them compared to those on developing countries. This makes the student in developing countries more concern about education cost. Second, according to Kao (2007), the students who become the object of his study didn't pay the tuition fee by themselves or just paid in some portion, so they lack of sensitiveness towards this matter.

The influence of Students' satisfaction on recommendation in several study finding that recommendation, also described as word-of-mouth intention, is an issue of considerable interest to researchers and marketing

practitioners. Whilst early research in this area tended to focus on the negative aspects like customer complaining behaviour (Gronhaug & Kvitastein, 1991), the focus has swiftly progressed toward investigating the factors that influence customers to make positive recommendations.

In addition, According to Shun Yin Lam. (2004), customer loyalty is evaluated by two dimensions: recommend and patronage. Customer loyalty (recommend) can be understand as follow: after customers satisfy about the service of this firm, they will recommend or will tell other people about this service and the other people can start using this service through their recommend in the other hand Customer loyalty (patronage) state that after customers satisfy with this service, they may continue using this service or using more services of this firm.

### 6. CONCLUSSION

The research result shows that students' perceived service quality has a positive significantly influence on student's satisfaction, and students' satisfaction has positive significantly influence on recommendation to others. Besides that, students' perceived price has a negative influence on student's satisfaction, so service quality has more effect on student's satisfaction. Hence, in order to generate student satisfaction, the managers of higher education institution should always consider and improve their students' perceived quality with fairness price.

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