ANALYSIS OF IMPORTANCE AND PERFORMANCE STUDENT SATISFACTION, STUDENT LOYALTY, AND COMPETITIVE ADVANTAGE PRIVATE UNIVERSITIES

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ABSTRACT

This study examines and evaluates the constructs of service quality, website quality, institutional image, marketing mix, student satisfaction, student loyalty and competitive advantage based on structural equation modeling. This research model illustrates that each construct has a performance value and importance to competitive advantage. The test of this model uses a sample of 932 active student respondents at private universities with a non-probability sampling method with a purposive sampling technique. Data analysis using structural equation modeling and importance-performance map analysis, test analysis tool with SmartPLS. Based on the results of the analysis, it was found that the quality of the website has a low importance and performance value on competitive advantage compared to other variables.

Keywords: performance, interests, competitive advantage, higher education, SEM, IPMA

1. INTRODUCTION

The industrial revolution is a phase of change that occurs in the industrial world that knows no boundaries, at this time it has entered the era of the industrial revolution 4.0 with the concept of using cyber and digitalization in collaboration with the manufacturing concept, and giving rise to an increase in data volume, the power of computing systems, connectivity capabilities, the emergence of analytical capabilities and business intelligence, the emergence of new interactions between humans and machines. It has become a challenge for universities to make changes and be able to harmonize with the needs of the industrial revolution era 4.0 and society 5.0.

In terms of the economy, human resources are needed to be ready to face the industrial revolution 4.0, this is what Formal Education Institutions need to be able to harmonize the needs of human resources with the development of the industrial revolution 4.0. The emergence of globalization and technological change has also brought a shift, growth, acceptance and increased consumer sensitivity to value and price, reduced sense of loyalty to a particular product or service and in the end the strong will become the winner due to the consequences of the globalization era, and logically gives birth to opportunities and threats to the institutional development of community life.

Raising concerns in human life with the development of the industrial revolution 4.0 with technological advances led to technological mastery of human existence, marginalized people are unable to keep up with technological developments, and human groups who master technology can dominate the world with technology, ultimately giving rise to the era of society 5.0. For example, in the world of education, the learning process has changed a lot with the existence of technology, in the end it raises new challenges in the formal education system.

In a business with a high level of competition, customer satisfaction is a determining factor to seize competitive advantage, customer satisfaction is a reference point in increasing and maintaining a sustainable competitive advantage starting from conceptualization, namely the formulation of theoretical concepts whose measurements can be used as a tool in formulating satisfaction strategies. Customer service includes several things, namely fostering good relationships, providing guarantees, paying attention to criticism and suggestions, creating customers offensively and defensively against customers and improving product performance such as quality services.

The quality of services must be supported by the support of human resources, such as a closed career development system, no promotion opportunities at work, low salaries or rewards received and so on. Understanding of human resources in an organization is one form of internal management, because human resources are the most strategic element in an organization that must be recognized by all parties.
To create student satisfaction is not an easy process, because it involves a commitment to support from employees and company leaders, because creating student satisfaction is a cycle process that is interrelated with each other, so that without commitment and support from the Educational Institution, it will affect the quality services to students, (Wijaya, 2018).

Formal education or higher education is faced with competition between public and private universities, especially private universities. The size of this competition can be seen from the concept of service quality, digital service quality (website), university value (institutional image), support for educational facilities and supporting facilities (infrastructure), campus location and location characteristics (location selection), and promotion (mixture, marketing) can lead to student satisfaction, student loyalty and increased competitiveness of universities (competitive advantage). The main criticism of universities is that they place too much emphasis on memorizing lecture content rather than helping students master skills related to their future job performance. As a result, there is a gap between what the industry needs and what universities provide through their products. When business and industrial needs change, new gaps will emerge that hinder the progress of integrative and adaptive learning in scientific disciplines, (Muhardi, 2004).

It is important for a university to find several ways to differentiate it from other universities, the concept of innovation is needed in continuing to explore so that it could realize unique characteristics in the eyes of students and prospective students, having a sustainable competitive advantage is important. This is in line with Porter's (1985) view that provides the concept of the value chain as the main means of analyzing the sources of competitive advantage.

Maintaining the quality of services is an important strategy for universities offered to be above competitors and better than imagined by students, if students get the quality of services received is better or equal to those offered, they will tend to return, provide positive information, or can recommend to others. But if the opposite happens, it can create psychological feelings, namely a sense of disappointment that can appear in the relationship between the college and the student.

The use of customer and competitor perspectives to assess firm performance with measures of customer input such as satisfaction and loyalty balances the competitor’s focus and helps complement the assessment of competitive advantage (Day & Wensley, 1988).

This research model is one part of the competitive advantage model research at Private Universities in Jakarta by reviewing and analyzing based on the perspective of students’ perceptions, about how the ability of resources owned by Private Universities both human resources, assets and other resources, reflected in the dimensions of service quality, website quality, institutional image and marketing mix, implications for student satisfaction, student loyalty and competitive advantage by structural equation modeling.

2. RESEARCH METHODS

The data collection method uses non-probability sampling method, namely the sampling technique is based on certain criteria - active students, this method gives all members of the population the possibility or the same probability of being selected as a sample based on the criteria. The sampling technique is purpose sampling or sampling based on several considerations that the respondents meet the criteria, using a questionnaire survey on active student respondents.

Data testing was carried out by testing research instruments, testing convergent and discriminant validity, reliability testing, analysis with the structural equation model approach of the outer model and inner model, using the partial least squares approach, namely the SmartPLS application. Testing on r-square criteria, effect size, predictive relevance, and importance of performance map model.

3. THEORETICAL REVIEW

Marketing 4.0, a marketing approach that combines online and offline interactions between companies and customers, combines style with substance in brand building and finally complements machine-to-machine connectivity with a human-to-human touch to strengthen customer engagement. A marketing approach combining online and offline interactions, combining style and substance, a brand must implement a good digital marketing strategy by creating relevant, interesting, and up-to-date content for its customers, a mix of traditional marketing and digital marketing with the aim of getting customer support, (Kotler et al., 2021).
Tactics as a marketing tactic to seek market domination is a way to penetrate the market. Offering value to win a place in the hearts of consumers or how to make a touch of emotion, this value can provide satisfaction to consumers. Currently faced with rational and emotional customers, making the role of service quality is very important as a powerful competitive tool in retaining customers and improving superior quality standards.

The application of the resource-based view is the success of achieving company value, one of which can be achieved at the level of customer satisfaction, and this can be seen from the success of the performance and service processes of each placement of human resources in the work unit, one of which can be assessed from the perspective or customer perception, in Higher Education lies in the view of students.

At the time of determining how to have a competitive advantage according to Barney (1991) and Hoffman (2000) is a sustainable advantage because of implementing a few unique value creation strategies and not simultaneously being carried out by potential competitors who do not have the ability to multiply the advantages of implementing a competitive advantage strategy.

The Importance – Performance Model, a model of importance – performance analysis states that satisfaction is a function of customer perceptions of performance and the importance of attributes, this model is based on the value expectation model, and important attributes and beliefs play a central role. Predicting that people generally have beliefs about attributes, but each attribute can be given an important weight to other attributes, this gives an idea that customer satisfaction levels are related to the strength of their beliefs about the importance of attributes with how well attributes can meet customer expectations. The performance-importance model has been found to be conceptually valid and a powerful technique for identifying service areas requiring strategic improvement actions, (Yuksel & Yuksel, 2008).

The view of the competitive advantage approach as a theoretical framework concept is that a firm is said to have a sustainable competitive advantage when implementing a value creation strategy is not simultaneously being applied by current or other potential competitors, and when other firms cannot duplicate the benefits of this strategy. Innovative companies are generally successful in building and developing competitive advantages because they can improve their main capabilities in unique and superior ways (Barney, 1991).

That sustainable competitive advantage is a continuous advantage because of the implementation of the activities of a few unique value creation strategies are not simultaneously carried out by competitors and potential competitors nor are there currently together with the inability to multiply the advantages of these strategies. Emphasizing the essence of the external intangible resources for the company has become the source and contributed to providing the results and implications for sustainable competitive advantage, (Hoffman, 2000).

A summary of the theoretical framework of the contribution of sustainable competitive advantage, namely (1) Types of strategies to continue competitive advantage, (Day & Wensley, 1988) (2) Types of competitive strategies for companies to achieve long-lasting sustainable competitive advantage (Porter, 1985) (3) Differences in the company's product offerings and competitors, sustainable advantage if competitors cannot narrow the gap, (Coyne, 1986) (4) Sustainable competitive advantage by implementing a value creation strategy is not carried out by competitors and competitors are not able to benefit from this strategy, (Barney, 1991), and (5) Continued advantage as a result of implementing a unique value creation strategy is not pursued by competitors and competitors are not able to benefit from this strategy, (Hoffman, 2000).

4. DISCUSSION

The measurement model testing or evaluation model in this study consisted of service quality variables, website quality, institutional image and marketing mix, as independent variables or exogenous variables or exogenous variables and measurements using the outer model. Variables of student satisfaction, student loyalty and competitive advantage as dependent variables or endogenous variables or endogenous variables. There is a mediating or intervening variable, namely student satisfaction and student loyalty, with the approach that student satisfaction will occur if there is an influence from service satisfaction, website satisfaction, institutional image and marketing mix, student satisfaction formed can affect student loyalty and its implications for competitive advantage. Student loyalty will be formed from the influence or presence of student satisfaction and have implications for competitive advantage.
The results of the model fit test, based on the estimated model value, the SRMR value of 0.057 is less than 0.08, so it can be declared that it meets the requirements of conformity or compatibility, the NFI value of 0.819 is less than 0.90, in the theoretical context it is still acceptable with the approach that the NFI produces values of 0 and 1, the closer to 1 the more suitable, in this case based on the NFI value it still meets the conformity requirements of 0.819. The RMS\(_{theta}\) value of 0.148 is close to zero, meeting the conformity requirements. Based on the model fit test with four criteria, namely SRMS, NFI, Chi-Square and RM Theta, the results can be stated that the structural model meets the model fit requirements. The structural equation model can be described in the SEM model diagram (Figure 1.1).

*Figure 1.1. SEM Model PLS
Source: SmartPLS output*

Based on the structural model, it can be developed to find the value of the importance and performance of each dimension and construct to the competitive advantage construct, based on the test results using the importance performance map model. Tests were carried out on the constructs of service quality, website quality, institutional image, marketing mix, student satisfaction, student loyalty and competitive advantage. The structural model based on the importance and performance values can be explained in the model diagram (Figure 1.2).

*Figure 1.2. PLS SEM Model - IPMA
Source: SmartPLS output*
Based on Figure 1.2, can explain the value of the coefficient of the level of importance of each dimension to the competitive advantage construct and explain the value of the level of performance of each construct. Then it can be explained the level of importance of the construct directly on competitive advantage, service quality of 0.200, website quality of 0.046, institutional image of 0.150 and marketing mix of 0.403. The level of importance of the construct directly on student satisfaction, service quality of 0.201, website quality of 0.053, institutional image of 0.205 and marketing mix of 0.630. Based on the test results, it can be obtained that the performance value of the marketing mix construct has the highest value on the construct of student satisfaction and competitive advantage. In this structural model, the dimensions of the marketing mix have a value of importance to the process of forming student satisfaction and competitive advantage of private universities.

The results of the importance of the construct indirectly on competitive advantage through student satisfaction and student loyalty, service quality of 0.0514, website quality of 0.0135, institutional image of 0.0524 and marketing mix of 0.1611. Based on the test results, it is explained that the dimensions of the marketing mix have a higher importance on the competitive advantage of private universities through mediation of student satisfaction and loyalty than other constructs.

The test results on the performance value of each construct are service quality of 71,951, website quality of 66,928, institutional image of 74,219, marketing mix of 75,257, student satisfaction of 75,674, student loyalty of 72,736. Overall, the performance value of each construct has a value scale of 70 in the good category, except for the quality of the website which has a value scale below 70. This structural model has a model that can be modified or improved by management on each item and research dimensions in the process of forming a model of student satisfaction, loyalty students and the competitive advantage of Private Universities.

If there is a question of which construct should be reviewed, modified, adjusted by management, then the first or earlier construct is website quality, service quality and competitive advantage. The competitive advantage construct is an endogenous variable, so this construct is the main one in this structural model. Private Universities must carry out a development process that can encourage the process of increasing competitive advantage.

5. CONCLUSIONS AND SUGGESTIONS
In developing competitive advantages, private universities have been in line and adopted from industries in issuing superior and desirable products. It is assumed that the competitive advantage of private universities is determined by the quality of educational services, the value of the student's point of view and the uniqueness of educational services, the value of the student's point of view can be obtained from the level of service satisfaction on the quality of education and teaching, the service provided is largely determined by how service standards relate to the quality of human resources.

From the research constructs used and the results of testing on the performance value and importance of each construct, it can be concluded:
1. The marketing mix has a higher importance value on student satisfaction and competitive advantage of private universities. That this construct has an influence or implication on the process of forming student satisfaction and competitive advantage, and the marketing mix is still a tool for developing marketing strategies.
2. Website quality has a low importance on student satisfaction and competitive advantage, seeing the important role of websites, private universities continue to develop information quality and service quality attached to websites, look for ways to improve information quality, guarantee information security, service quality, and guarantee online transactions are provided through the college website. Websites should be developed with a service-oriented concept of high-quality sites and information.
3. Based on the performance value, it can be assumed that each construct has aspects to be developed, adjusted, modified by management in the development process for competitive advantage.
4. This is in line with research from Mazzarol and Soutar (1999), that it is not possible to measure competitive advantage or sustainable competitive advantage directly, but it can be observed through the manifestation of the driving factors into success in the market. Competitive advantage is the ability of a company to develop strategies that competitors cannot or will not imitate. By continuing to look at the capabilities of the resources that are owned and cannot be separated from the capabilities of human resources.
On the day of the test results, discussions and conclusions, suggestions can be developed to develop further research.

1. The structural model of this study provides an illustration that each construct can be developed and reprocessed to produce a competitive advantage development process and student satisfaction based on the value of interest. Can choose which construct is a better driver in the process of establishing competitive advantage.

2. This model can be developed into a structural model by adding other constructs that can improve the competitive advantage development process.

3. Private universities can develop the concept of competitive advantage by looking at the level of importance and performance of each construct and adjusting it to the available resources.

4. The quality of the website has a low value, but the current era has entered the era of being crazy, so it is still necessary to develop a website in accordance with student expectations, internal interests and still lead to a 5.0 society basis.

BIBLIOGRAPHY


