The Prediction of Parental Loyalty with a Private School in Indonesia

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Abstract: In the educational market place, private schools in Indonesia are currently having to compete for students. Therefore, private schools have to build competitive strategies to face this competition. Customers’ satisfaction, reputation, trust and loyalty are a few important roles for obtaining competitive benefits in a competitive educational market place. The purpose of this research aims to identify the effects of parental satisfaction, reputation and trust on parental loyalty. Also, the purpose is to examine and describe the links and relationships between those variables in private schools in Indonesia. A questionnaire was distributed to parents of students ranging from Grade 1 to Grade 12, which resulted in 127 valid questionnaires. The model was tested using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results of this paper show positive influence with significant relationship between tangible, reliability, responsiveness, assurance, and empathy with customer’s satisfaction. Specifically, parents highly considered the reliability and responsiveness dimension. The result also showed significant positive influence between satisfaction and reputation, significantly positive influence between satisfaction and trust, significant positive influence between satisfaction and parental loyalty, and significant positive influence between reputation and parents’ loyalty. The result between trust and loyalty were not significant.

Keywords: Service quality, Satisfaction, Reputation, Trust, Loyalty, School, Parents.

1. Introduction

Indonesia’s scope of private education has grown significantly over the past decade (Hadi and Wahyoedi 2008). The Indonesian Ministry of Education and Culture (2012), in the Indonesian educational statistics brief 2011/2012 p.37, reported the existence of more than 100,000 private schools registered in Indonesia. Additionally, this number is rapidly increasing. Subsequently, competition for students among Indonesian private schools is growing fierce (Aprilia 2008; Hadi and Wahyoedi 2008; Pamungkas 2012; Riana and Harti 2012). Facing this high competition, schools have begun to create strategies in order to maintain and improve their public service, parent satisfaction, school reputation, and parental trust (which in turn affects parental loyalty) (Badri and Mohaidat 2014; Winata and Sihombing 2014; Kaczan et al.2014). Kantspenger and Kunz (2010); Skallerud (2011); Badri and Mohaidat (2014); Hannan (2014) noted that parental satisfaction, school reputation, and parental trust are important aspects to consider for schools aiming to improve parental loyalty.

This research will investigate 9 dimensions: service quality (tangible, reliability, responsiveness, assurance, empathy), satisfaction, reputation, trust, and loyalty. The aim of this research is the answer the following research questions: 1) What affects parental satisfaction? 2) Does parental satisfaction influence school reputation? 3) Does parental satisfaction influence parental trust? 4) Does parental satisfaction influence parental loyalty? 5) Does school reputation influence parental loyalty? 6) Does parental trust influence parental loyalty?

2. Study Background

This research aims to identify the effect of parental satisfaction, school reputation and parental trust on parental loyalty in a specific private school in Indonesia. This research will develop hypothesis based on a literature review and based on the condition of the school’s competition.

2.1. Service Quality


1) Tangibility: is the school facility and infrastructure fresh, clean, and up-to-date, and do the staff appear to be professional and high-quality?
2) Reliability: does the school dependably and conscientiously perform their promised services?
3) Responsiveness: does the school voluntarily accommodate parents and organize their direct service?
4) Assurance: does the school show kindness and capability to create parental trust?
5) Empathy: does the school offer sincere care for each parent and eagerly attempt to understand parental needs?

Harisko (2011); Incesu and Asikgil (2012) noted that the 5 dimensions of service quality are affected parental satisfaction.

2.2. Satisfaction

Kotler and Keller (2012) state that customer satisfaction is a result of their mental comparison between the service they received versus their expectations about the service that they
would receive. Helgesen and Nesset (2007) noted that customer satisfaction directly relates to the customer’s experience with a product or service compared to the customer’s prior expectations toward a product or service. Angelova and Zekiri (2011) reported that satisfied customers are a positive effect upon an organization. Based from research, parental satisfaction increases parental loyalty and will affect the school’s reputation (Samuel and Foedjiaawati 2005; Harisko 2011; Badri and Mohaidat 2014; Anderson and Shelledy 2013; Brown and Mazzarol 2009; Bacila et al. 2014).

2.3. Reputation

Reputation is a major variable that should be prioritized because a customer will choose a product or a service based on its reputation, formed by its perceived quality, character and its ability (Helgesen and Nesset 2007; Li and Hung 2009; Safon 2009; Dameron dan Durand 2013; Winata dan Sihombing 2014). Skallerud (2011) noted that school reputation is one of the main factors that affect parental loyalty.

2.4. Trust

Kantsperger and Kunz (2010); Jung and Soo (2012) noted that trust is an important factor in the educational market place that can increase customer loyalty. Trust, in this context, is defined as when a customer is satisfied with the performance of a product or a service, and they use it consistently. In education, parental trust is developed by a consistent track record of positive interactions with school management (Kunanusorn and Puttawaong 2015). Chandio et al. (2015) states that without trust, customers will not and cannot become loyal towards a product or service.

2.5. Loyalty

Loyalty is a major aspect for an organization to develop, as it encourages repeated customer use (Roohi et al. 2016; Minh and Huu 2016). Loyal behavior is developed after a long track record of positive physical and emotional experiences from a product or service (Mascarenhas et al. 2006).

3. Research Framework and Methodology

This research aims to investigate the effect of the dimensions of service quality, parental satisfaction, reputation, and trust, on parental loyalty in private school. The framework can be seen in figure 1.

3.1 Relationship between service quality with parental satisfaction

Research about relationship between service quality and satisfaction has been investigated in preceding research. However, research in the educational market place is slight (Winata and Sihombing 2014). Harisko (2011) and Incesu and Asikgil (2012) reported that dimensions of service quality and parental satisfaction are related and showed significant positive influence. Based on a literature review and research objectives, the hypotheses are:

H1: Tangible has a positive influence on parental satisfaction.
H2: Reliability has a positive influence on parental satisfaction.
H3: Responsiveness has a positive influence on parental satisfaction.
H4: Assurance has a positive influence on parental satisfaction.
H5: Empathy has a positive influence on parental satisfaction.

3.2 Relationship between parental satisfaction with school’s reputation

Skallerud (2011); Badri and Mohaidat (2014); Winata and Sihombing (2014) noted the positive relationship between parental satisfaction and school reputation. Based on a literature review and research objectives, the hypothesis is:

H6: Parental satisfaction has a positive influence on school reputation.

3.3 Relationship between parental satisfaction with parental trust

Casalo et al. (2011) reported that customer’s satisfaction highly affected their trust in the product or service that they received. Customers trust products which they are satisfied in (Winata and Sihombing 2014). Based on the literature review and research objectives, the hypothesis is:

H7: Parental satisfaction has a positive influence on parental trust.

3.4 Relationship between parental satisfaction with parental loyalty

Selnes (1993); Brown and Massarol (2009) reported that satisfaction has influenced customer’s loyalty. Based on literature review and research objectives, the hypothesis is:

H8: Parental satisfaction has a positive influence on parental loyalty.

3.5 Relationship between school’s reputation with parental loyalty

Reputation is connected with loyalty and loyalty is influenced by reputation. Supported by research of Badri and Mohaidat (2014) and Skallerud (2011) that school reputation has a
positive influence with parental loyalty. Based on literature review and research objectives, the hypothesis is:

H9: School reputation has a positive influence on parental loyalty

3.6 Relationship between parental trust with parental loyalty

Sohail (2012) states that there was a relationship between trust and loyalty. Sohail (2012) noted that before customers become loyal towards a product, they should enter the phase of trust. This research is also supported by the research of Phan and Ghaitous (2013) and Jin et al. (2007). Based on a literature review and research objectives, the hypothesis is:

H10: Parental trust has a positive influence on parental loyalty.

4. Result

According to the results of the research respondents who filled out the questionnaire, 98 (77.2%) of respondents are mothers, 16 (12.6%) of respondents are fathers, 10 (7.9%) both mother and father, 3 (2.4%) are guardians. Ages of respondents 36 (28.3%) are between the ages 31-40 years, 75 (59.1%) are between the ages 41-50 years, 13 (10.2%) are more than 50 years old, 3 (2.4%) are unknown. For educational background, 4 (3.1%) respondents have not written their educational background, 1 (0.8%) respondent is graduated from junior school education, 8 (6.3%) respondents are graduated from high school education, 23 (18.1%) respondents are graduated from diploma program, 64 (50.4%) respondents are graduated from university education, 24 (18.9%) respondents are graduated from master degree education and 3 (2.4%) respondents are graduated from doctorate education. Dimensions of this research are tested for reliability using Cronbach’s alpha. The values are given in Table 1.

Table 1: General reliability statistics

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exogen</td>
<td></td>
</tr>
<tr>
<td>Tangible</td>
<td>0.938</td>
</tr>
<tr>
<td>Reliability</td>
<td></td>
</tr>
<tr>
<td>Responsiveness</td>
<td></td>
</tr>
<tr>
<td>Assurance</td>
<td></td>
</tr>
<tr>
<td>Empathy</td>
<td></td>
</tr>
<tr>
<td>Endogen</td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.921</td>
</tr>
<tr>
<td>Reputation</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td></td>
</tr>
</tbody>
</table>

As the result in Table 1, exogen dimensions have high alpha scores 0.938 and endogen dimensions also have high alpha scores 0.921. Alpha value has been compared with R-table with N= 127. Refers to the distribution of R-table with 5% of significance resulted of R-table value is 0.174. It means alpha score of exogen dimensions = 0.938 > R-table = 0.174 and alpha score of endogen dimension = 0.921 > R-table = 0.174. Conclusion of the reliability analysis means all the research dimensions statistically are reliable and acceptable.

4.1 The measurement model evaluation

The measurement model of this research is determined by the convergent validity test, reliability test and discriminant validity test. Convergent validity test can be observed from average variance extracted score (AVE) > 0.5 and loading factor > 0.5. Reliability test can be observed from composite reliability with score > 0.6. Discriminant validity test can be observed from √AVE score > (larger than) correlation score between constructs (Latan and Ghozali 2012).

As the final result of this research using PLS-SEM, for all indicators of each research dimensions has loading factor score > 0.5 which means has met the validity convergent criterion of latent construct. Loading factor scores for each indicator in this research are given in Figure 2.

![Figure 2: Loading factor](image)

The requirement of convergent validity also can be seen from average variance extracted score (AVE). A model will have a good validity when each latent variable has AVE > 0.5. From the result in Table 2, each latent variable has AVE score > 0.5, it means this research dimension has met convergent validity requirement.

Table 2: AVE and composite reliability score

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>AVE</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assurance</td>
<td>0.578</td>
<td>0.872</td>
</tr>
<tr>
<td>Empathy</td>
<td>0.592</td>
<td>0.897</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.648</td>
<td>0.784</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.623</td>
<td>0.908</td>
</tr>
<tr>
<td>Reputation</td>
<td>0.784</td>
<td>0.916</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.599</td>
<td>0.882</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.642</td>
<td>0.925</td>
</tr>
<tr>
<td>Tangible</td>
<td>0.516</td>
<td>0.865</td>
</tr>
<tr>
<td>Trust</td>
<td>0.801</td>
<td>0.924</td>
</tr>
</tbody>
</table>

Further measurement to evaluate the dimension is the reliability test through all the models that were used in the research. This measurement to demonstrate its accuracy and consistency in measuring the construct referring to composite reliability. Based on Table 2, each latent construct has a fair, accurate and consistent reliability where each construct has met the requirement with score > 0.6.
Parents trust resulted R-square 0.751, it means 75.1% of structural model of trust diversity can be explained by model and the rest of 24.9% of trust explained by other factors outside the model that are not observed. Structural model of school reputation resulted R-square 0.538, it means 53.8% of school reputation diversity can be explained by model and the rest of 46.2% of school reputation explained by other factors outside the model that are not observed. Structural model of parental loyalty resulted R-square 0.421, it means 42.1% of parental loyalty diversity can be explained by model and the rest of 57.9% of parental loyalty explained by other factors outside the model that are not observed.

Boostrapping can be used to know the effect of each dimensions. Based on Table 4, can be seen the T-statistic score of each dimensions. Significant effect between one dimension to other dimension can be reached when T-statistics score > T-table (1.96) with 5% significant level.

The bootstrapping resulted the relationship between service quality with parental satisfaction that tangible dimension shows significant influence with parental satisfaction with T-statistics score is 4.633. Value of original sample estimate is 0.193. This is indicating a positive effect between tangible with parental satisfaction. The result also shows the relationship between reliability with parental satisfaction. Reliability dimension shows significant influence with parental satisfaction with T-statistics score is 5.275. Value of original sample estimate is 0.249, indicates a positive effect between reliability with parental satisfaction. T-statistics scores for the rest dimensions are 2.149 for responsiveness, 2.623 for assurance and 2.177 for empathy. Also original sample estimate for each dimensions is 0.233 for responsiveness, 0.152 for assurance and 0.142 for empathy. This result is showing a significant influence and indicating a positive effect between those dimensions with parental satisfaction. Therefore, result that hypotheses H1 to H5 are accepted. According to the result, the more the school increases their service in servqual dimensions which are tangible, reliability, responsiveness, assurance and empathy it will also increase parental satisfaction with school. Supported by other research, as Hannan (2014) have reported that there is positive relationship between service quality dimensions with customer’s satisfaction. This is also supported with Harisko (2011) that is positive relationship between service quality dimensions with parental satisfaction.

This research shows that reliability has a significant effect on parental satisfaction. The result refers that teacher’s professionalism and school ability in guiding students to maximize their potential are substantial factors that impacting parent’s satisfaction. This research also shows that responsiveness has a significant effect on parental satisfaction. It is shown that teachers and school are care of
any students problems also school is able to handle with care parental complaints.

The relationship between parental satisfaction with school reputation shows a significant influence and indicating a positive effect where the score of T-statistics is 26.104 and score of original sample estimate is 0.733. The result of hypothesis H6 is accepted. It can be said that the more parental satisfaction with school is increasing the more school reputation is increasing. Winata and Sihombing (2014) also states that there is a positive relationship between parental satisfaction with school reputation. Supported by other research that satisfaction has influenced reputation (Skallerud 2011; Badri and Mohaidat 2014; Jin et al. 2008).

Bootstrapping result for parental satisfaction and parental trust shows a significant influence and indicating a positive effect where the score of T-statistics is 65.188 and score of original sample estimate is 0.866. Therefore, result of hypothesis H7 is accepted. The more parental satisfaction is increasing the more parents will trust the school. This result also supported by casalo et al. (2011) and Hannan (2014) that trust is influenced by costumer satisfaction.

T-statistics scores for parental satisfaction with parental loyalty is 5.756 and original sample estimate score is 0.454. This result is showing a significant influence and indicating a positive effect between parental satisfaction with parental loyalty. Therefore, the result of hypothesis H8 is accepted. The more parental satisfaction is increasing the more parents loyal to the school. Selnes (1993); Brown and Mazzarol (2009) also stated that loyalty influenced by customer satisfaction.

T-statistics scores for school reputation with parental loyalty is 2.814 and original sample estimate score is 0.178. This result is showing a significant influence and indicating a positive effect between school reputation with parental loyalty. Therefore, result of hypothesis H9 is accepted. The more school reputation is increasing the more parents loyal to the school. Supported by research of Skallerud (2011) and Badri and Mohaidat (2014) where school reputation affected parental loyalty.

Based on the result of the effect between parental trust with loyalty is not showing a significant influence. T-statistics of trust (0.570) < T-table (1.96) in 5% of significant level with original sample estimate is 0.058 that shows a low positive level. Therefore, result of hypothesis H10 is rejected. This result also supported from other report (Winata and Sihombing 2014; Jin et al. 2007).

There are several reasons that explain why the relationship between parental trust and parental loyalty is non-existent. Firstly, based on parental profile, many parents that have more than one child did not put all their children in this school. As Li and Hung (2009) noted, loyal parents will put all their children in the same school. Secondly, based on parental expenses, parents not hesitate expend money for their children’s education and compare with research result that parents will consider to remove their children to other school that gives an interesting offers even parents are trusting this school. This is because parents considering what the best for their children in education.

5. Conclusion

In educational market, parental loyalty with school is In the educational marketplace, parental loyalty to a school is directly influenced by parental satisfaction, which is achieved through quality school service and a positive school reputation. There is a positive relationship between school service quality and parental satisfaction, parental satisfaction with school reputation, and parental satisfaction with parental trust. On the other hand, parental trust does not affect parental loyalty.

References


