The Influence of Service Quality on Word-Of-Mouth Participants Through Institution Images, Customer Relationship Management and Satisfaction of Participants in Private Vocational Training Institutions in Bakorwil I East Java

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ABSTRACT: *The research objective is to determine the effect of service quality on the word-of-mouth of participants through the image of the institution, customer relationship management and participant satisfaction at private worker training institutions (LPKS) in Bakorwil I East Java.*

A total of 1,118 populations and with the Slovin formula, a total sample of 295 respondents were participants of the LPKS Hospitality and Cruise Ship training institutions in Bakorwil I East Java in 2018. Sampling used proportional random sampling. Analysis using SEM. The results showed that: 1). Service quality affects the image of the institution, CRM, and participant satisfaction. 2). The image of the institution influences the satisfaction of the trainees, and WOM. 3). CRM has no significant effect on the satisfaction of trainees, and significant on WOM trainees. 4). The satisfaction of the participants has an effect on the WOM of LPKS training participants. Given the large role of the institution's image of WOM, it is recommended that companies always maintain and enhance the image of the institution, because the image has an important role in building the impression obtained by someone about the company based on one's knowledge and experience of the company whether the company is good or not. Suggestions for other researchers should be made to increase the scope of research, taking into account broader areas, as well as grouping and segregation of respondents by district / city in East Java, so that a clearer picture of WOM participants in Private Work Training (LPKS) is obtained.

KEYWORDS: - *Service Quality, Word-of-Mouth, Institutional Image, Customer Relationship Management, Participant Satisfaction*

I. INTRODUCTION

Private employment training institutions are one of the important sectors that need to be considered for their role, in order to improve the competence of human resources and advance the standard of living of the community. Awareness of the importance of the quality of human resources has long been one issue that needs immediate attention from the government. An area will advance, if supported by competent human resources, where this will be possible if supported by adequate quality formal and non-formal education where competent human resources can become valuable assets to advance their region.

Education and training is one way to form competent resources. At present, many training institutions have been established both owned by the government (public) and private. This shows that training institutions have become a necessity for the wider community. The increasing needs of the community for non-formal education, especially the Private Vocational Training Institution (LPKS), cause LPKS to become a strategic sector that is expected to produce quality human resources. This condition certainly creates quite a competitive competition among LPKS, which certainly makes every LPKS required to always improve the quality of training and institutional results.

The development of private employment training institutions is quite rapid and spread in many cities / districts in East Java. In East Java there are currently 1,673 LPKS, with a capacity of 1,485,407 participants / year. The extent of the East Java region, and the large number of Hospitality and Tourism LPKS found in the Bakorwil I area, this research is focused only on the Bakorwil I region. The following is the development of the LPKS, especially in the Bakorwil I area of East Java, which has changed from time to time.

The formulation of the problems in this dissertation research are is follows: (1), does the quality of service have a significant effect on the image of the LPKS institution in Bakorwil I East Java ?. (2), Does the quality of service have a significant effect on CRM participants of LPKS training institutions in Bakorwil I East Java ?. (3), Does the quality of service have a significant effect on the satisfaction of LPKS institutional training participants in Bakorwil I East Java ?. (4), Does the image of the institution significantly influence the satisfaction of LPKS training participants in Bakorwil I East Java ?. (5), Does the image of the institution have a

significant effect on WOM LPKS training participants in Bakorwil I East Java ?. (6), Does CRM have a significant effect on the satisfaction of LPKS training participants in Bakorwil I East Java ?. (7), Does the CRM participant significantly influence the WOM of LPKS training participants in Bakorwil I East Java ?. 8). Does participant satisfaction have a significant effect on the WOM of LPKS training participants in Bakorwil I East Java ?.

II.   LITERATURE REVIEW AND HYPOTHESES

An understanding of consumer behavior is at the heart of marketing services. Without an understanding, companies cannot deliver services that can satisfy customers. Lovelock et al. (2011) said "Services are economic activities offered by one party to another party carried out within a certain time, in the form of an activity that will bring the desired results to the recipient, objects, and other assets that are the responsibility of the buyer".

2.1   Service quality

Quality of service is any form of activity carried out by the company to meet consumer expectations. Services in this case are defined as services provided by the service owners in the form of convenience, speed, relationships, abilities and hospitality aimed at attitudes and properties in providing services for customer satisfaction (Kotler, 2015; Zeithtaml et al., 2003).

2.2   Institutional Image

The image of an institution is the impression obtained from a person or community regarding an institution based on the knowledge and experience of a person or community about an institution whether the institution is good or not. (Hawkins et al., 2000; Alma, 2015).

2.3   Customer relationship management

Customer relationship management (CRM) is an integrated business strategy that integrates internal and external factors, by analyzing customer data using information technology, in order to gain customer attention to achieve lifetime value so that companies and customers benefit and benefit (Buttle, 2007).

2.4   Participants' satisfaction

Participant satisfaction is a response in the form of a feeling of satisfaction arising from the experience of participating in training programs and felling services when attending training, or a small part of that experience (Walker et al., 2001).

2.5   Words Of Mouth

Word of mouth communication is the occurrence of saying positive things about the company and its products to other parties (Brown et al., 2005).

2.6   Theoretical Framework

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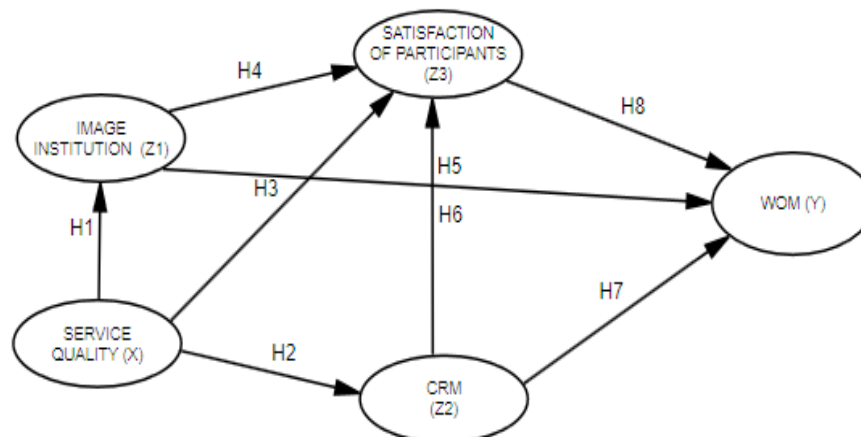

Figure 1. Conceptual Framework

2.7 Research Hypotheses
          The research hypothesis is as follows:
1.   Service quality has a significant effect on the image of the institution.
2.   Service quality has a significant effect on CRM institutions.
3.   Service quality has a significant effect on the satisfaction of training participants.
4.   The image of the institution has a significant effect on the satisfaction of training participants.
5.   The image of the institution has a significant effect on the training participants' WOM.
6.   CRM has a significant effect on the satisfaction of trainees.
7.   CRM has a significant effect on WOM trainees.
8.   Participant satisfaction significantly influences the training participants' WOM.

III.   RESEARCH METHODE

3.1 Research Subjects
          The population of this study was 1,118 participants in the Hospitality LPKS and Cruise Ships in Bakorwil I East Java in 2018.
Referring to the Slovin formula with a tolerance of 5%, then the sufficiency of the sample is = 295 respondents. In this study, sampling was taken using the proportional random sampling method. Next, the sample size of respondents for each location is determined by the proportional allocation formula as shown in Table 1.

Table 1. Population and Research Samples

No	Regency / City	Number of LPKS	Population	Sample
1	Kota Madiun	8	377	99
2	Kota Kediri	3	197	52
3	Kab. Kediri	3	242	64
4	Kab. Tulungagung	4	302	80
	Total	**18**	**1118**	**295**

3.2 Research Measurement
          Service quality variables were measured using 5 indicators adopted from Zeithtaml et al. (2003), namely: tangible, responsiveness, reliability, assurance, and emphaty. The institutional image variable was measured using 4 indicators adopted from Hawkins et al. (2007), namely: personality, reputation, value, and corporate identity. CRM variables are measured using 4 indicators adopted from Buttle (2007), namely: continuity marketing, one to one marketing, partnering program, experiential marketing. The participant satisfaction variable was measured using 3 indicators adopted from Hawkins et al. (2007), namely: In line with expectations, satisfied with service, and satisfied with training results. The words of mouth variable was measured using 3 indicators adopted from Brown et al (2005), namely: the likelihood to generate word-ofmouth, favorability of word-of-mouth generated, the likelihood to make purchase.

IV.   RESULT AND DISCUSSIONS

4.1. Characteristics of Respondents
          Broadly speaking, the majority of respondents are those who are in the 26-35 years age group. The number of respondents in the 26-35 year age group was 47.8%, the number of respondents included in the 17-25 year age group was 43.7%, the 36-45 year age group was 08.5%, and the age group was over 45 years there is no. Based on male sex 47.8%, while women consisted of 52.2%. Based on the education of the dominant respondents, high school education was 68.1%, and the remaining diploma education was 31.9%. Based on the length of the training, it appears that the majority of respondents attended the training for 1 month as much as 54.6%, for 2 months as much as 40% and 05.4% attended the training for 3 months.

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 questionable 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 a study variable is greater than 3, therefore, all indicators of research variables are indicators that significantly shape each study variable (Table 2).

Table 2: Confirmatory Factor Analysis

Research variables	Relationship	C. R.	Loading Factor (λ)	Probability
Service Quality	Kual → tgs1	-	0,594	0,000
	Kual → tgs2	18,127	0,926	0,000
	Kual → tgs3	9,100	0,639	0,000
	Kual → tgs4	8,170	0,463	0,000
	Kual → tgs5	7,694	0,624	0,000
Image Institution	Citra → cl1	-	0,534	0,000
	Citra → cl2	7,041	0,794	0,000
	Citra → cl3	6,739	0,779	0,000
	Citra → cl4	3,967	0,344	0,000
				0,000
CRM	CRM → cr1	-	0,622	
	CRM → cr2	6,712	0,551	0,000
	CRM → cr3	8,207	0,793	0,000
	CRM → cr4	8,207	0, 305	0,000
Satisfaction of Participants	Puas → kp1	-	0,544	0,000
	Puas → kp2	3,483	0,332	0,000
	Puas → kp3	10,703	0,744	0,000
	WOM → wo1	-	0,594	0,000
WOM	WOM → wo2	2,966	0,398	0,000
	WOM → wo3	3,258	0,552	0,000

4.4. Goodness of Fit Test

The results of data processing using a sample of 295 shows Chi-square is 451,582 with a probability of 0.062. Meanwhile, from GFI, AGFI, TLI, CFI, RMSEA and CMIN / DF respectively 0.928, 0.913, 0.956, 0.967, 0.037 and 1.757, all within the range of acceptable values. The results are shown in Fig. 2.
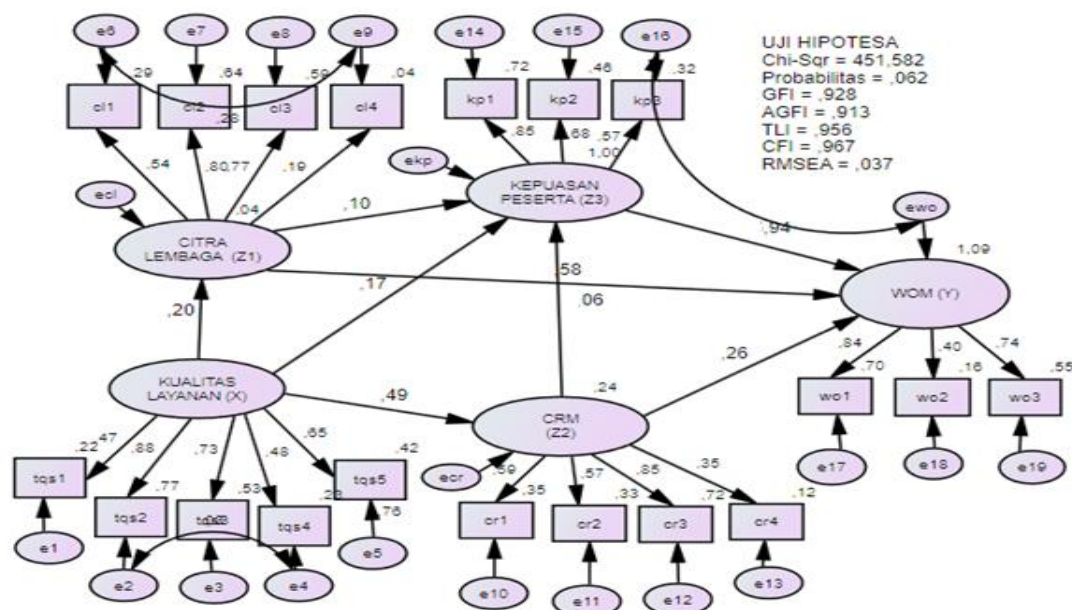

Figure 2: Coefficient of Research Model Path

4.5. Hypothesis testing

Hypothesis testing is done based on the estimated value of the parameters of the research model shown in Table 3.

Table 3: Hypothesis Testing

H	Relationship	Standardized Coefficient	C.R	P	Decision
H1	KUAL → CITRA	0,201	2,325	0,000	accepted
H2	KUAL → CRM	0,487	4,853	0,000	accepted
H3	KUAL → PUAS	0,116	2,613	0,000	accepted
H4	CITRA → PUAS	0,098	2,016	0,000	accepted
H5	CITRA → WOM	0,577	5,212	0,000	accepted
H6	CRM → PUAS	0,060	1,547	0,062	rejected
H7	CRM → WOM	0,257	2,061	0,000	accepted
H8	PUAS→WOM	0,940	7,953	0,000	accepted

V. CONCLUSION AND RECOMMENDATIONS

From the results of testing of the model in this study, the model is able to explain the relationship between service quality, the image of the institution, customer relationship management, satisfaction and word-of-mouth of the trainees, has concluded that the research model is the right model to describe word-of- mouth private employment training institute in Bakorwil I East Java. The results of this study are very important because there are stages of the influence of each factor and construct that runs in a tiered (recursive) manner, IE service quality variables positively affect the institution's image variables, CRM, and participant satisfaction, which in turn positively influences word- of-mouth trainees. The results of this study are a significant contribution, especially in the theory of services marketing, especially marketing services in the field of education and training.

Based on the results of the analysis and hypothesis testing, the following conclusions can be drawn: (1). Service quality affects the image of the institution. This shows that the quality of service of private employment training institutions that exist today, can encourage an increase in the image of the institution. The results of this study are in accordance with the findings of Malik (2012), Hsin et al. (2009). (2). Service quality has an influence on CRM, this shows that the quality of services that exist today, can drive the rise of CRM. The results of this study are in accordance with the findings of Feliks ABK. Panjaitan (2012), Sutrisno et al. (2016), Rizka, and Widji (2013). (3). Quality of service affects the satisfaction of participants, this shows that the quality of services of private employment training institutions (LPKS) currently available, can encourage increased participant satisfaction. The results of the study are in accordance with the findings of Hsin et al. (2009), Moraga, and Barra (2013), Unidha M, (2017). (4). The image of the institution influences the satisfaction of the trainees, this shows that the image of the existing institutions can encourage the increase in satisfaction of the trainees. The results are in accordance with the findings of Malik (2012), Singgih (2008), Chan (2011). (5). The image of the institution influences WOM, this shows that the image of the existing institution can encourage the WOM's rise. The results of the study are in accordance with the findings of Rizan et al. (2012), Richard, and Zhang (2012). (6). CRM does not significantly influence the satisfaction of LPKS training participants, this shows that the current CRM, has not been able to encourage the increase in participant satisfaction. The results of this study are not in accordance with the findings of Ejaz et al. (2013), Payne, and Frow (2009), Ryals, and Knox (2001), Sinisalo et al. (2007). (7). CRM affects WOM LPKS trainees, this shows that the current CRM can encourage WOM to rise. The results of the study are in accordance with the findings of Ghaziana et al. (2016), Hakim et al. (2017). (8). The satisfaction of the participants has an effect on the WOM of LPKS training participants, this shows that the satisfaction of the existing participants can encourage WOM to rise. The results of the study are in accordance with the findings of Susanti (2009).

For the benefit of the company, as well as science, some suggestions are given as follows: Considering the large role of the institution's image of the participants' WOM, it is recommended that companies always maintain and improve the image of private vocational training institutions, because the image has an important role in building the impression obtained by someone about the company based on one's knowledge and experience of the company whether the company is good or not. Suggestions for other researchers should be made to increase the scope of research, taking into account broader areas, as well as grouping and segregation of respondents by district / city in East Java, in order to obtain a clearer picture of WOM participants in Private Work Training. Future studies are also recommended to further examine the effect of Service Quality on participants' Word-Of-Mouth through Institutional Image, Customer Relationship Management and Participant Satisfaction by adding other variables and indicators, and expanding the scope of the research area. As the rapid development of non-formal education, training institutions in East Java, the government is expected to make

regulations on the implementation of training, so that the output of training participants, in accordance with the needs and desires of the labor market.

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