REVIEW AND ANALYSIS: THE INFLUENCE OF RELATIONSHIP QUALITY AND SERVICE QUALITY ON CUSTOMER SATISFACTION AND ITS IMPLICATIONS ON LOYALTY

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Abstract: The purpose of this study is to determine the effect of relationship quality of customer satisfaction, the effect of service quality of customer satisfaction, the influence of relationship quality on customer loyalty, the effect of service quality on customer loyalty, the influence of relationship quality and service quality together on customer satisfaction, the influence relationship quality and service quality together on customer loyalty, the effect of customer satisfaction on loyalty, the effect of relationship quality, service quality, and customer satisfaction together on student loyalty in informatics in Bandung. The research method used is descriptive verification analysis research using Structural Equation Modeling (SEM) analysis design. From the results of this study, it can be concluded that the quality of service and service quality both partially and simultaneously will affect customer satisfaction resulting in increased customer loyalty.

Keywords: Relationship Quality, Service Quality, Customer Satisfaction, Customer Loyalty

INTRODUCTION
The development of the education service sector in Indonesia is growing rapidly, with the emergence of new schools from PAUD to tertiary institutions, where the development of tertiary institutions in Indonesia is the highest (Dikti, HELTS 2003-2010A). West Java is one of the most populous provinces in Indonesia so that the potential for the development of tertiary institutions in West Java is in line with the development of the needs of the community to continue their tertiary education.).
LLDIKTI Region IV West Java has identified the majors that are most in-demand by students in choosing majors, as shown in table 1.1. under.

**Table 1.1: Sequence of majors with the highest number of applicants, 2010**

<table>
<thead>
<tr>
<th>No</th>
<th>Majors</th>
<th>Average Interested</th>
<th>AKP</th>
<th>PI1 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Information Technology</td>
<td>2.038</td>
<td>5.00</td>
<td>89.22</td>
</tr>
<tr>
<td>2</td>
<td>Information Systems</td>
<td>1.147</td>
<td>7.67</td>
<td>53.41</td>
</tr>
<tr>
<td>3</td>
<td>Education</td>
<td>1.015</td>
<td>12.71</td>
<td>76.74</td>
</tr>
<tr>
<td>4</td>
<td>Accounting</td>
<td>934</td>
<td>8.78</td>
<td>73.17</td>
</tr>
<tr>
<td>5</td>
<td>Industrial Engineering</td>
<td>923</td>
<td>9.97</td>
<td>57.61</td>
</tr>
<tr>
<td>6</td>
<td>Language</td>
<td>893</td>
<td>11.42</td>
<td>77.45</td>
</tr>
<tr>
<td>7</td>
<td>Mechanical Engineering</td>
<td>883</td>
<td>11.10</td>
<td>78.57</td>
</tr>
<tr>
<td>8</td>
<td>Management</td>
<td>682</td>
<td>9.53</td>
<td>56.92</td>
</tr>
<tr>
<td>9</td>
<td>Statistics</td>
<td>458</td>
<td>12.45</td>
<td>56.14</td>
</tr>
<tr>
<td>10</td>
<td>Legal studies</td>
<td>426</td>
<td>14.32</td>
<td>40.98</td>
</tr>
<tr>
<td>11</td>
<td>Electrical Engineering</td>
<td>382</td>
<td>16.23</td>
<td>19.35</td>
</tr>
<tr>
<td>12</td>
<td>Chemistry</td>
<td>325</td>
<td>24.92</td>
<td>32.10</td>
</tr>
<tr>
<td>13</td>
<td>Mathematics</td>
<td>306</td>
<td>14.71</td>
<td>48.89</td>
</tr>
<tr>
<td>14</td>
<td>Physics</td>
<td>283</td>
<td>19.43</td>
<td>36.36</td>
</tr>
<tr>
<td>15</td>
<td>Agriculture</td>
<td>270</td>
<td>22.22</td>
<td>28.33</td>
</tr>
</tbody>
</table>

Note: PPA = Competition Strict Tension Numbers
Source: Lldikti Region IV West Java, 2010 (reprocessed).

Based on the data on it can be seen that the department of informatics is the department most in demand by students, this shows that students have hope after graduating to find work or even get a job before graduation, as offered by higher education institutions based on informatics so far. Lovelock and Writz (2004: 39), states that consumer expectations are built by three things, namely personal need, word of mouth communication, and experience. Based on the statement by, students' expectations in choosing information majors are built by word of mouth communication which is one of the elements of customer loyalty, namely referral (Kotler and Keller, 2009). Therefore, for students who choose the major in informatics should have high loyalty to the informatics department as explained above, but in fact, the loyalty to students majoring in informatics is relatively low.
The low loyalty to students majoring in informatics can be seen from the number of students who are less active in teaching and learning activities (repetition), easy to move to other majors before one year studying in informatics (unretention), as well as new students who enter not from the referral results of their alumni.

Heskett, Sasser, and Schlesinger (1997: 39) in the service profit chain customer loyalty is influenced by customer satisfaction. Likewise, Lovelock and Wright (2002) have the same opinion, that customers will be loyal if they can achieve satisfaction. Based on this statement it is clear that low informatics student loyalty tends to be caused because they are less satisfied. The dissatisfaction with students majoring in informatics in the city of Bandung, seen in the results of the initial survey (2010) using a simple questionnaire about customer satisfaction with 30 students scattered in the city of Bandung, it turns out that most students are less satisfied with the tuition fees that are applied (price), operational teaching and learning process (technical), the certainty of getting a job (functional), and less satisfied on the relationship between students and teachers (emotional), as stated by (Fornel & Wernerfelt, 2002) that customer satisfaction can be measured by price, technical, functional and emotional customer.

Heng-Thurau and Klee (1995: 751) state the relationship quality between the end customer and the company as "the degree of compatibility of a relationship to meet the needs of consumers who are members of the relationship". Whereas the service quality stated by Zeithamml (1988) is "... a customer’s judgment on the overall excellence or superiority over a service". Based on the two statements, it can be said that the dissatisfaction with the students majoring in informatics was allegedly caused by relationship quality that was not well developed and service quality that did not meet student expectations. When in fact universities if they follow the BAN-PT accreditation rules will have good relations of students and alumni, and will improve good service, so that relationship quality should be well established and service quality improved. But in reality relationship quality is not well developed and service quality is relatively low.

As in product selection, when consumers will choose education services, they will also be influenced by many factors. Different views on consumers (students) on the performance produced by higher education institutions, both in the form of physical and non-physical forms, cause an unequal number of students among the institutions of higher education in Bandung informatics, especially students of informatics. This is influenced by the marketing strategies carried out by each of the higher education institutions. An institution of higher education will succeed in winning the stiff competition, if the institution of higher education can develop, develop, and implement marketing strategies properly and appropriately, such as relationship quality and service quality issues. Therefore, higher education institutions as one of the service organizations engaged in education, it is necessary to know and make observations about the factors of relationship quality and service quality that students consider in achieving satisfaction with studying at these educational institutions, where satisfaction will lead to loyalty to students.
LITERATURE REVIEW

Relationship Quality

According to Levitt (1996 in Ndubisi and Chan, 2005), relationship quality is "... a bundle of intangible values, which augments products or services and results in the expected interchange of and sellers". From that definition, it can be seen that relationship quality is a set of unreal values that also functions of the function of the products exchanged solely in a relationship.

Another understanding of relationship quality is stated by Crosby, Evans, and Cowless (1990: 70) as follows: "... a general assessment of relationship strength and the extent that relationship meets the needs and expectations of the parties involved based on a history of successful or unsuccessful encounters or events." From this definition, it can be seen that relationship quality is the result of a general assessment of the strength of the relationship to meet the needs and expectations of the two parties concerned. This is based on a history of positive and negative experiences of both parties of the relationship. Accordingly, the result of a general assessment of these experiences is the accumulation of values (Gummesson, 1987).

Service Quality

The definition of service quality is centered on efforts to meet the needs and desires of customers and the provision of delivery to balance customer expectations. Based on this, the quality of service can be defined as follows: Service quality is a comparison between services received or felt (perceived service) with the quality of services expected (expected service) by customers. If the perceived service quality is the same as the expected service quality, the service quality is perceived to be good and satisfying, whereas if the perceived service quality exceeds customer expectations, the service quality is perceived as ideal or quality. Also, if the service received is lower than expected, the quality of the service is perceived as poor.

According to Gronroos (in Tjiptono, 2000), the total quality of service consists of three main components, viz:

1. Technical Quality, that is, components related to the quality of service output received by customers. According to Parasuraman, technical quality can be broken down into:
   a. Experience Quality, namely the quality that can only be evaluated by customers after consuming services, for example, timeliness, speed of service.
   b. Credence Quality, that is, the quality that is difficult for customers to evaluate even after consuming a service, for example, the quality of operations
2. Search Quality, that is, the quality that customers can evaluate before buying, for example, prices.
3. Functional Quality, that is, components related to the quality of delivery of a service.
4. Corporate Image, namely the profile, reputation, general image, and special appeal of a company.
Service quality

Companies must know what kind of service is expected by customers and then translated into real services so that at least the quality of services provided by the company and customers feels the same as the quality of services expected by customers. Achievement of this certainly needs to be supported by knowledge about the dimensions of service quality desired by customers. Five dimensions are commonly used by customers in assessing a quality of service (Parasuraman, et. Al, Zeitham, 1996), namely:

1. Reliability, namely the ability to perform services as promised correctly and reliably according to customer expectations as reflected by the timeliness, the same service for all customers and without errors.
2. Responsiveness, namely the willingness to help and provide fast services to customers. If you experience failure, quickly deal with failure professionally.
3. Assurance, namely the knowledge and ability of workers in carrying out tasks spontaneously which guarantees good performance thereby giving rise to the trust and confidence of customers.
4. Empathy, that is caring for giving voluntary personal attention to each customer.
5. Tangibles, namely the appearance of physical facilities, equipment, workers and communication media.

Customer satisfaction

According to Westbrook and Oliver (1991), the most supported definition of satisfaction is that raised by Day (1984 in Westbrook and Oliver, 1991), namely as "... a post choice evaluative judgment on a specific purchase selection".

According to Kotler (2003), Satisfaction is an evaluation of consumers after buying a product compared to expectations before buying. If related to the definition of Oliver (1997) above, Kotler states explicitly that the assessment of whether a product is satisfactory or unsatisfactory is related to its expectations before buying the product. According to the confirmed paradigm of expectations (Oliver, 1980), consumers assess satisfaction with a product by comparing the expectations they have before and the perceived performance of the product. The assessment itself is related to the results and experiences gained by people regarding the products they have consumed (Sharma and Patterson, 2000; Hunt, 1997 in Drake, Gwynne and Waite, 1998).

Customer loyalty

Fullerton & Taylor (2000) sees loyalty to the relationship between service quality and attitudes (behavior) such as re-purchase, advocacy and price sensitivity. Research on loyalty to marketing services is often associated with the level of consumers' trust and the level of commitment. Loyalty can be an outcome variable. Morgan & Hunt (1994), can also be an intermediary variable / mediating variable (Fullerton & Taylor, 2000).

Customer loyalty is a behavioral impulse to make repeated purchases and to build customer loyalty to a product/service produced by the business entity takes a long time through a process of repeated purchases (Olson, 1993). Customer is different from the
consumer (Consumer), a person can be said to be a customer if the person starts to get used to buying products or services offered by business entities. These habits can be built through repeated purchases of a certain period, if in a certain period does not make a repeat purchase then the person cannot be said to be a customer but as a buyer or consumer.

Furthermore, Griffin (1997) argues that a customer is said to be loyal or loyal if the customer shows a buying behavior regularly or there is a condition that requires customers to buy at least twice in a certain time interval. Efforts to provide customer satisfaction are done to influence customer attitudes, while the concept of customer loyalty has more to do with customer behavior than the attitude of customers.

**RESEARCH METHODS**

This research is an empirical study. Meyer and Greenwood (1984: 66), explained that "these studies are an empirical study conducted to verify the proportions of several aspects of the relationship between the tools and the objectives and educational policy processes. Research on the influence of relationship quality and service quality can be thought of as applied socio-economic research because this form into research has the same main focus as applied research, namely solving practice method used is descriptive method with quantitative approach techniques. This research is a descriptive verification analysis research. Verification research is intended to test hypotheses and make deeper interpretations of the relationships between variables. This research method is a survey method to explain the effect of each variable through hypothesis testing. For research purposes, the variables are divided into independent variables, namely relationship quality, and service quality. Whereas the dependent variable is customer satisfaction and its implications for loyalty. Then tested the extent of the effect of relationship quality and service quality of customer satisfaction and its implications for loyalty as an independent variable tidal problem”.

The method used is descriptive method of quantitative approach techniques. This research is a descriptive verification analysis research. Verification research is intended to test hypotheses and make deeper interpretations of the relationships between variables. This research method is a survey method to explain the effect of each variable through hypothesis testing. For research purposes, the variables are divided into independent variables, namely relationship quality, and service quality. Whereas the dependent variable is customer satisfaction and its implication for loyalty. Then tested the extent of the effect of relationship quality and service quality of customer satisfaction and its implication for loyalty as an independent variable. This research is also explanatory. According to (Sugiyono, 2008; 10) explanatory research, a research conducted by explaining the symptoms that arise by an object of research, so that in this study will try to find answers to the phenomena of the problems raised.
FINDINGS AND DISCUSSION

Operationalization of Variables

a. Quality of Relativity

The quality of relevance to this study is the student's assessment of the level of trust and familiarity of the informatics engineering academic community. While the dimensions are as follows:

1) Trust
2) Familiarity
3) Partnering

b. Quality of Education Services

Quality of service in this study is the assessment of students of the technical quality and functional quality provided by educational institutions. The dimensions are as follows:

1) Quality of learning.
2) Learning facility equipment
3) Additional services
4) Price structure
5) Support services to students
6) Comfort in the procedure

c. Student Satisfaction

Student satisfaction with this study is Student evaluation of educational services that have been received from Higher Education. While the dimensions are as follows:

1) Satisfaction with prices
2) Functional satisfaction
3) Technical satisfaction
4) Emotional satisfaction

d. Student Loyalty

Student Loyalty in this study is the hope of students towards the possibility to remain active in the teaching and learning process of the Informatics Study Program until they finish their studies, take pride in studying for the Informatics study program, and invite others to register in the informatics study program. While the dimensions are as follows:

1) Cognitive loyalty
2) Affective loyalty
3) Conative loyalty
4) Action Loyalty

Data source

Sources of data, namely (1) Secondary data sources are from Lldikti Region IV West Java, DIKTI, and (2) Primary data sources namely students in the field of informatics in West Java IV Lldikti Region. Types and sources of data are the objectives of the study.
Data collection technique

Complete data collection both for secondary data and their phenomena, as well as primary data on student perceptions is carried out through survey activities. The data needed from the two types of data is collected by the following techniques:

1. Communication Engineering

Questionnaire used to collect primary data using a list of questions prepared according to the purpose of the study to be distributed to students in the field of informatics in West Java Region IV West Java.

2. Observation Techniques

Observation, conducting direct observation to obtain other information that cannot be predicted, reviewing and reviewing Esbed, other documents from various institutions that are related to the problem to be examined.

Sample Determination Techniques

The population of this study was students above Semester 3 who were in PTS region IV West Java. The sample size is determined by taking into account the analytical technique used in the hypothesis test, the Structural Equation Models (SEM).

According to Hair at all, (2003); Marsh et.al quoted by Ahmad Bachrudin and Harapan L, Tobing in his book stated that the sample size needed for the Structural Equation Model analysis was at least 200 observations. Hair at.all (2003: 32) states that the relationship between the number of variables and the sample size of the equation models can be seen in table 4.2.

<table>
<thead>
<tr>
<th>Number of Variables</th>
<th>Minimum Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>200</td>
</tr>
<tr>
<td>5</td>
<td>200</td>
</tr>
<tr>
<td>10</td>
<td>200</td>
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<tr>
<td>15</td>
<td>360</td>
</tr>
<tr>
<td>20</td>
<td>630</td>
</tr>
<tr>
<td>25</td>
<td>975</td>
</tr>
<tr>
<td>30</td>
<td>1395</td>
</tr>
</tbody>
</table>

Table 4.2

Number of Variables and Minimum Sample Size Structural Equation Model Analysis (SEM)

Sources: Joreskog and Sorbom (1988, p. 32)

Hair (2003: 605) states there is no single criterion for determining the sample size of SEM, but it is necessary to pay attention to the ratio of samples of parameters (indicators) to reach a ratio of 1: 5, this means not only to pay attention to many variables.

In this study, there are 17 indicators so a minimum sample size of 400 students is needed. Taking into account the availability of data outliers (Hair, 2003: 603) and the principle that the larger the sample size the better, the sample size will be taken as many as 400 students in the field of information in Semester 3.

To determine the selected 400 samples, random sampling is used, namely the Random Sampling Cluster.
Design of Analysis and Test Hypotheses

To test the hypotheses in this study are as follows: Hypotheses 1 through 8 are tested using structural equation modeling or Structural Equation Modeling (SEM), which is one of the multivariate techniques that examine the series of dependency relationships between variables. Usually used if one dependent variable becomes an independent variable in the next dependency relationship.

The steps of structural equations modeling testing begin with the use of a covariance matrix that will be taken as input for SEM (structural equation modeling) operations with the following steps:.
1) the goodness of fit tests using chi-squares and probability, with the formula below

\[ \chi^2 = \sum_{i=1}^{r} \sum_{i=j}^{c} \frac{(O_{ij} - E_{ij})^2}{E_{ij}} \]

Sumber: Aczel(1999:716)

2) Causality tests (regression weight) using the regression coefficient and t-test, if the Lisrel programs have been displayed in the form of path analysis. Each path provides a value that displays the relationship between variables or indicators.

\[ \text{Variance - extracted} = \frac{\left( \sum \text{standar loading} \right)^2}{\left( \sum \text{standar loading} \right)^2 - \sum \varepsilon_j} \]

3) Reliability of measuring instruments with standards is equal to 0.70

\[ \text{Construct – reliability} = \frac{\left( \sum \text{standar loading} \right)^2}{\left( \sum \text{standar loading} \right)^2 - \sum \varepsilon_j} \]

Where:
Standard loading is obtained from each indicator from computer calculations
Ej is the measurement error of each indicator
The second reliability measurement tool is as follows with the standard 0.50.

In this study, the variables to be tested cannot be measured directly so that a measurement model called linear structural relationships (LISREL) was introduced, introduced by Karl Joreskorg in 1973 (Cooper: 2001: 585). Based on the research paradigm that is illustrated that some variables have an indirect relationship, so it needs to be described in a path diagram. To test whether this relationship is by the results of the study, path analysis is performed. The research paradigm for which path analysis is made can be made into a model called Structural Equation Modeling (SEM). SEM uses the correlation matrix as an
input so that the model to be tested has received appropriate and adequate empirical support. The model is then applied to the real world equipped with indicators because the variables to be tested cannot be directly observed or referred to as latent variables. Therefore other indicators must be used so that the variable to be measured can be tested. Testing the indicator of each variable is a manifest variable. So the dependency and interdependence analysis can be measured the level of readiness. The diagram to be tested is changed from notation.

In selecting input matrix and model estimations, structural Equation Modeling (SEM) only uses the variance matrix/covariance matrix because it better meets the methodological assumptions compared to using the correlation matrix as stated by Hair et al. (1998: 603).

The overall structural equation model is as follows

Where,
\[ \xi_1 = \text{Relationship Quality (REL)} \]
\[ \xi_2 = \text{Service Quality (SER)} \]
\[ \eta_1 = \text{Student Satisfaction (SA)} \]
\[ \eta_2 = \text{Student Loyalty (LO)} \]
Identification
At this stage identify the estimated parameters that you want to estimate at the theoretical model. The requirement to be able to identify the estimated parameters are the number of correlations between the measured variables is greater or equal to the number of parameters estimated.

Estimate
At this stage requires knowledge of various estimation techniques that are used depending on the measurement scale of the variable. In general, structural equation models use covariance matrices and correlation matrices as a basis for analysis.

Model Hypothesis Testing (Match Test)
The purpose of SEM is to test whether the model proposed to the path diagram (theoretical model) is suitable, fit or not with the data. Evaluation of the model is carried out as a whole (overall test). Chi-square statistics can be used to test the suitability of the model inferentially with the hypothesis. If Ho is not rejected at a certain significant level, it can be concluded that the model is accepted. Also, the equation model can be evaluated descriptively with a match index (goodness of fit indices). The index value is equal to zero then the model is said not to be accepted, if the index value is more than or equal to 0.9 then the model concluded can be accepted.

Specifications
This stage is carried out if the test produces a less suitable model. In this condition, the researcher decides on how to delete, add or modify the path of the model and test it again. The main key to every company's marketing promotion program is to establish long-term relationships with customers or consumers. The assumption is that a strong and mutually beneficial relationship between service providers and customers can create satisfaction and build customer loyalty. In this case, there is a difference between single transaction marketing and relationship marketing and service quality. Single transaction marketing focuses on descriptively selling to individuals so that the relationship between the company and the consumer ends once the sales transaction is complete. Conversely, the fabric of relationships of relationship marketing and service quality continues over the long term and does not stop with just one sales transaction. If single transaction marketing focuses solely on price factors, then relationship marketing and service quality focus on non-economic satisfaction such as satisfaction, commitment, trust, and service.

Three relationship quality factors, namely satisfaction, trust and commitment, and five marketing service quality factors according to Parasuraman (1990) consisting of tangibles, reliability, responsiveness, assurance, and empathy can be indicators of service quality. Customer satisfaction can occur if there is a match between relationship quality and the quality of existing services to the expectations or needs of students as consumers. In this case, the condition of relationship quality and service quality of each educational institution and the expectations of students towards relationship quality and quality of existing services can
affect customer satisfaction and its relationship to customer loyalty. Based on the condition of the relationship quality and the quality of existing services and expectations or needs of these students, customer satisfaction and implications can be carried out on the loyalty of students of Information Technology in Bandung.

Furthermore relationship quality and service quality directly affect loyalty. Then it can be said that the dimensions of relationship quality and service quality directly affect customer loyalty, namely say positive things, recommendation friends, and continuous purchases. In this case, customer satisfaction is called an intervening variable because it connects indirectly to relationship quality and service quality of customer loyalty.

**CONCLUSION AND SUGGESTION**

Good correlation quality will increase student satisfaction, namely student confidence in the legality of higher education, the certainty of graduation, familiarity between students and teachers at certain limits, and building partnering between teachers and students through research involving students, community service which makes students as the main role so that student satisfaction will increase.

Good service quality will have a direct impact on customer satisfaction. Service quality, namely student assessment of technical quality and functional quality provided by tertiary institutions. For example, improved learning quality, learning facility equipment such as computer labs equipped, additional services such as extracurricular activities, price structures such as credit fees, study programs support to students, and convenience in trusteeship procedures, mentoring, and academic calendars, if improved it will increase student satisfaction.

The quality of harmony that is built well will increase customer loyalty, as well as educational institutions, universities that seek to build relationships with students, by utilizing the tri dharma of tertiary institutions, especially conducting research involving students and community service which makes students the primary role, will encourage these students to always be active in the teaching and learning process.

Higher education that always makes improvements in quality of its services, such as the completeness of teaching and learning facilities, the attention of teachers to students teaching reliability, the responsibility of universities in implementing the academic community, and the satisfaction of legality and graduation, then student loyalty will be increased.

The quality of harmony with students is an assessment of students on the level of trust and familiarity of the informatics engineering academic community. So that if the quality of the correlation is good, it will increase student satisfaction, namely student confidence in the legality of higher education, graduation certainty, intimacy between students and teachers at certain limits, and building partnering with teachers and students through research involving students, devotion in society that makes students as the main role, so that student satisfaction will increase.

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The quality of harmony that is built properly will increase customer loyalty, as well as educational institutions, universities that seek to build relationships with students, by utilizing the tri dharma of tertiary institutions, especially conducting research involving students and community service which makes students the primary role, will encourage these students to always be active in the teaching and learning process. Service quality affects customer loyalty, Heskett said in his service profit chain. Therefore, higher education institutions always improve the quality of their services, such as the completeness of teaching and learning facilities, the attention of teachers to students teaching reliability, the responsibility of universities in carrying out the academic community, as well as legality and graduation certainty, then student loyalty will be increased.

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Quality of service affects customer loyalty because it is the university that always makes improvements to the quality of its services, such as the completeness of teaching and learning facilities, teacher's attention to students, reliability of teachers in teaching, responsibilities of universities in carrying out the academic community, and the satisfaction of legality and graduation, then student loyalty will can be improved.
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