The 2\textsuperscript{nd} GLOBAL CONFERENCE ON BUSINESS, MANAGEMENT AND ENTREPRENEURSHIP

GC-BME 2017

"Increasing Management Relevance and Competitiveness"

9th of August, 2017

Sheraton Hotel, Surabaya, Indonesia
PROCEEDINGS OF THE GLOBAL CONFERENCE ON BUSINESS MANAGEMENT AND ENTREPRENEURSHIP

GC-BME 2017
Surabaya, August 9th, 2017

Editor in Chief

Prof. Badri Munir Sukoco, Ph.D
Department of Management, Faculty of Economics and Business
Universitas Airlangga

Prof. Dr. H. Ratih Hurriyati, MP
Faculty of Business and Economics Education
Universitas Pendidikan Indonesia

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Co-hosted by

- Department of Management, Faculty of Economics & Business, Universitas Airlangga
- Business Management Education Program, Faculty of Business and Economics Education, Universitas Pendidikan Indonesia
Welcome to the 2nd Global Conference on Business, Management and Entrepreneurship (GC-BME) 2017, with the theme of “Increasing Management Relevance and Competitiveness”. This GC-BME is an annual conference co-hosted by Department of Management, Faculty of Economics & Business, Universitas Airlangga and Business Management Education Program, Faculty of Business and Economics Education, Universitas Pendidikan Indonesia.

As a dean of Faculty of Economics and Business Universitas Airlangga, I would like to thank to committee from Universitas Airlangga and Universitas Pendidikan Indonesia who held this conference and all delegates who contribute to this conference. May our cooperation continue and GCBME will be held every year, in Surabaya, Bandung, or other cities in Indonesia or even abroad.

Hopefully, this conference provides a forum for leading scholars, academics, researchers, and practitioners to reflect current issue, challenges and opportunities, and share the latest innovative research and practice, especially in business, management, and entrepreneurship. We hope this conference will bring together participants to exchange ideas on future development on management, business, and entrepreneurship discipline, and strengthen networking, collaboration, and joint effort among participants. Moreover, GC-BME 2017 provides an opportunity for researchers to publish their papers on reputed proceedings indexed by Scopus and ISI Thompson.

The theme of this conference is “Increasing Management Relevance and Competitiveness”, so in this conference we can explore various theories and methods related to business, management, and entrepreneurship. GC-BME 2017 covers up many major thematic groups. We can discuss about everything related to topics: organizational behavior, leadership and human resources management; innovation, operations and supply chain management; marketing; strategic management; entrepreneurship. Even green management and management and economics education. Thus, the result will be able to improve competitiveness and value in facing the global challenge in industrial environment.

We hope this conference will contribute to a meaningful paradigm shifts in business, management, and entrepreneurship research, in general, and the delegates’ career development, in particular. Finally, we would like to thank everybody who contributed in many ways to the success of the conference, especially to session chairs and the members on organizing committee.

We wish to see you on the next GC-BME.

Prof. Dr. Dian Agustia, SE., M.Si., Ak. CMA., CA
Dean,
Faculty of Economics & Business
Universitas Airlangga
First and foremost, let us praise all the worship and praise to Allah, the loving God and the most merciful. Because of His love and affection we can be together present in this conference.

As the Rector of Universitas Pendidikan Indonesia (Indonesia University of Education), I would like to welcome all of you, distinguished guests and speakers, honorable members and all participants to "The 2nd Global Conference Business, Management and Entrepreneurship 2017".

University Pendidikan Indonesia (UPI) with its vision to be a leading and outstanding university is always committed to encourage all the members to create and develop academic activities, both individually and collaboratively, as one of the strategies to realize the vision as well as the mission of UPI through integrating knowledge and skill across various activities.

Continuing the 1st Global Conference-Business, Management and Entrepreneurship (GC-BME) conducted last year, initiated and hosted by Study Program of Business Management Education, Faculty of Economics and Business Education, UPI, with co-host Management Program, Faculty of Economics and Business, Universitas Airlangga (Airlangga University - UNAIR), this 2nd conference is an inseparable part of developing a solid academic culture in which its sustainability need to be supported by all of us.

In this occasion, I would like to commend and congratulate Universitas Airlangga (Airlangga University - UNAIR) for the cooperation with Universitas Pendidikan Indonesia (Indonesia University of Education) that has been established through this conference. I really hope we can continue and even extend this cooperation to other activities.

Finally, I would also like to extend gratitude to the speakers for contributing the great ideas; to the participants for attending the conference; and to the organizing and steering committee of "The 2nd Global Conference Business, Management and Entrepreneurship 2017", especially to Management Program, Faculty of Economics and Business, Universitas Airlangga (Airlangga University - UNAIR), for the commitment and efforts to conducting this conference successfully.

To all participants, please enjoy all the activities and explore the city of Surabaya with all its hospitality. Hopefully the pithy and qualified ideas are born from this conference.

With warm regards,

Prof. Dr. Asep Kadarohman, M.Si.
Rector of Universitas Pendidikan Indonesia
FOREWORD

Dear distinguished guest, honorable members, speakers, and participants.

First of all, let me warmly welcome all of you. Who are gathered to participate in this memorable conference? I want to extend my whole hatred congratulations on hosting The 2nd UPI - Global Conference-Business, Management and Entrepreneurship (GC-BME). Joint conference with co-host study program of management, Faculty of Economic and Business, Universitas Airlangga (UNAIR).

I am very pleased the note that this in the second time that FPEB - UPI has hosted an academic conference with scholars from many different countries. The discuss increase management relevance and competitiveness through business, management and entrepreneurship studies. I would especially like to congratulate the scholars whose years of research will be presented here.

In This regards, I believe that these conferences offer a valuable chance to exchange knowledge, share information, and discuss feasible solutions for the issues. I truly hope that through these conference ideas and challenged, new ideas and alternative methods are explored, and fruitful efforts are made for brilliant achievement in all academic fields.

Once again, I am very pleased to hold this conference here at FPEB-UPI, and I want to thanks everyone who has contributed to make this event successful, especially to special thanks Prof. Dr. Ratih Hurrifianti, M.P. and Prof. Badri Munir Sukoco Ph.D., as a chair organizing committee. I wish all the best for the 2nd - Global Conference-Business, Management and Entrepreneurship (GC-BME).

Thank you.

With warm Regards

Prof. DR. Agus Rahayu, M.P.
Dean of Economic and Business Education Faculty
Universitas Pendidikan Indonesia
International Conferences provide an excellent opportunity to bring together academics from different countries and backgrounds for the purpose of presenting their research results, critically discussing methodology and findings and improving the quality of research and the impact of the research on society and science. Furthermore, conferences enable the scientific community to create new networks, to foster relationships and extend their visibility.

The 2nd Global Conference on Business Management and Entrepreneurship (GCBME) 2017 is an annual conference co-hosted by Department of Management, Faculty of Economics & Business, Universitas Airlangga and Business Management Education Program, Faculty of Business and Economics Education, Universitas Pendidikan Indonesia. The theme of GCBME 2017 is increasing management relevance and competitiveness.

The theme inspired by the concern of Sumantra Ghoshal that bad management theories are destroying good management practices. Before that, the dichotomy between rigor and relevance is always becoming a hot topic in the management field. This conference aims to answer the following question: How might we accomplish a reconciliation of rigor (academic) and relevance (practitioner) standards to offer organizational competitiveness?

I expect this conference raises two important things in the discussion room and proceedings (based on Cortley and Gioia, 2011): First, theories used in this conference should be problem driven—that is addressing a problem of direct, indirect, or long-linked relevance to practice, rather than narrowly addressing the (theoretical) “problem.” Second, the fact that we are a profession (academia) studying another profession (management), therefore it needs balancing between theoretical contribution managerial implications. By doing that, I believe that our research and discussion in this conference could offer something useful for practitioners (thus increase its competitiveness) while at the same time contribute to the development of our management field.

I am looking forward to seeing you in GCBME in the near future.

With warmest regards,

Prof. Badri Munir Sukoco, PhD
GC-BME 2017 Conference Chair
FOREWARD

Honorable Rector of Universitas Pendidikan Indonesia, Universitas Airlangga, Honorable Guests, participants, speakers, Ladies and Gentlemen.

As the Chairperson, on behalf UPI of the organizing committee of this conference, we are very delighted and honored to host this international conference. The committee has received a lot of supports and help from different parties to enable this conference to take place. First of all, I would like to express my sincere gratitude to Rector of UPI Prof. Dr. H. R. Asep Kadarchman, M.Si., Rector Of UNAIR Prof. Dr. Mohammad Nasih, SE., M.T., Ak., CMA.

Vice-Rector for Research, Partnership and Business Affairs, Prof. Dr. H. Didi Sukyadi, MA., Dean of Economics and Business Education Faculty, Prof. Dr. H. Agus Rahayu M.P., Dean Faculty of Economics and Business, Universitas Airlangga, Prof Dr Dian Agustia, SE, MSi., Ak. Director School of post graduate UPI Prof Yaya Sukjaya, M.Sc., Ph.D for the support they have given for this Joint Conference.

This is the Second Global Conference on Business, Management and Entrepreneur (GCBME). The conference is expected to be held biannually and this year we take the theme of: “Increasing Management Relevance and Competitiveness”

GC – BME ultimately aims to provide a medium forum for educators, researchers, scholars, managers, graduate students and business men from the diverse cultural backgrounds to present and discuss their researches, knowledge and innovation within the fields of business, management and entrepreneurship. This Conference also serves as an opportunity for the participants to exchange new ideas and experience, develop the scholarship and collaboration in research and promote the global partnership for future cooperation.

I wish to extend a warm welcome to all the participants coming from various countries. I appreciate the hard work of the committee members who enabled many participants to be interested in joining this conference. Based on the latest data, this conference will be attended by 204 participants either as the presenters or the participants. They come from other countries such as: Malaysia, Mexico, and Oman and also from different parts of Indonesia.

It is expected that the number of papers presented at this conference, after being edited based on the result of presentation and discussion will be proposed to be published in CRC Press (Taylor & Francis Group) and will be submitted for further indexing to SCOPUS, Thomson Reuters, and Google Scholar. All articles get a Digital Object Identifier (DOI).

We expect that through GCBME, participants will gain opportunities to share and enhance their knowledge and to expand their networking as well as inspiring and innovative ideas for the advancement of knowledge and social welfare.

I wish both the presenters and participants a very fruitful and productive meeting/session. I am also very thankful to the invited speakers from South Korea, and Indonesia. Kindly please accept my sincere gratitude and appreciation to all contributors of the 2nd-GCBME 2017.

Last but not the least, I would like to thank all members of the Organizing Committee and all those who have contributed their unfliring efforts in making this conference a success.

Prof. Dr. H. Ratih Humiyati, MP
Co-Chair of the GC-BME 2017
KEYNOTE SPEAKER

Wann-Yih Wu
Professor Department of International Business
Nanhua University
Taiwan

Prof. Dr. Mohammad Nasih
Rector
Universitas Airlangga

Prof. Dr. Didi Sukayadi, M.A
Vice Rector of Research, Partnership and Business Affairs
Universitas Pendidikan Indonesia
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Assoc. Prof. Sri Gunawan, MBA, DBA (Universitas Airlangga)
Assoc. Prof. Dr. Indriawanawati Usman, M.Sc. (Universitas Airlangga)
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The Impact of Service Quality, Customer Satisfaction Toward Trust of Student in University

Shinta Doriza
shintadoriza@unj.ac.id, Faculty of Engineering, State University of Jakarta, Jakarta Indonesia

ABSTRACT: This research aims to examine the effect of service quality, customer satisfaction toward trust. A Structural Equation Modelling stages were performed based on Confirmatory Factor Analysis (CFA) was employed in the research which was conducted in State University of Jakarta, 255 students were selected as respondents of the research by using stratified proportioned random sampling. Results of the research show that: 1) Service quality has a direct positive effect toward Customer Satisfaction; 2) Service quality has a direct positive effect toward Trust; and 3) Customer Satisfaction has direct positive effect toward Trust.

Keywords: Service quality, Customer satisfaction, Trust, UNJ

1 INTRODUCTION

The best service quality of education should be given full by all universities as a mandate of every academic universities. The results of a survey of 100 students showed the expected score of 100% while the score received was 63%. The result showed, there are gaps as 37% which should be fulfilled by the State University of Jakarta (UNJ) as an institution of higher education that attempts to satisfy students as internal customers in the field of academia and administration [12]. If this is not fulfilled by 100% then the students' satisfaction with the service given is not 100% then what about the students' trust in UNJ?

The customer's perceived satisfaction can lead customers to believe in the university's services. In result, satisfaction is a variable that establish trust. This research is a development of research model of Loyalty Students Hennig-Thurau, et al [17] which did not explore the variables that established trust. In result, in addition to service quality variables, satisfaction is a variable that can establish trust.

Based on this case, this research needs to be done in purpose to give theoretical contribution to the development of science because there is a connection between service quality, customer satisfaction, and trust; Thus encouraging me to examine the theoretical model of inter-variables empirically. This research also provides practical benefits for university leaders to the dominant indicators that establish the variables of service quality, customer satisfaction and trust.

2 LITERATURE REVIEW

2.1 Service Quality

Service Quality is the score alignment between what customers expect and what they accept upon its dimensions [4]. It refers to the result of the evaluation from the reflection on customers' perception toward reliability, assurance, responsiveness, empathy and affordability of a service [18]. Service Quality is customers' perception towards the services provided by service providers with following indicators: 1) reliability; 2) responsiveness; 3) assurance; 4) empathy; 5) availability of facilities.

2.2 Customer Satisfaction

Customer satisfaction, as a main concept in the study of marketing, [13] is the happy feeling of customers emerging after comparing the perception of the result of a product/service and expectations [8]. It is also a feeling when expectation meets desire of service [4] and it is also a feeling of pride for getting a special service. In other words, customers' perception having had
the quality services can lead to customers’ satisfaction. The Service Quality that has been provided will affect student satisfaction in higher education [18] [6] [2] [10] [16]. Based on the abovementioned, it is assumed that a positive effect of Service Quality towards customer satisfaction does exist (Hypothesis 1).

2.3 Trust

A gap between two parties is not supposed to exist. If it does, the University will not be able to meet the customers’ desire [5]. Quality service is a condition and circumstance perceived by students with an impact on a decision on whether to trust the form and meet the needs of personnel who serve the students. When the condition and circumstance perceived by students are in accordance with the expectations and desires of the given prediction, the trust will be directly built with an organization. Based on this, it is assumed that a positive effect of Service Quality towards trust does exist (Hypothesis 2).

Trust is a “thorough confidence towards the University to communicate and behave in a competent, open and honest, caring, trustworthy and viable manners, which identify goals, norms and values of the University” [9]. It arises because of the interaction between each party through communication that leads to participation based on relationships [14]. Trust is customers’ confidence customer thoroughly because of the evaluation that is based on knowledge and experience directly or indirectly perceived and formed due to a long-term interaction on the reputation of the University with indicators: (1) honesty; (2) openness; (3) capability; and (4) attention. The satisfaction perceived by customers after having the service may give rise to the belief that the customers will be satisfied with the service received [11]. Based on this, it is assumed that a positive effect of customers’ satisfaction towards trust does exist (Hypothesis 3).

3 RESEARCH METHOD

The research uses survey method and quantitative approach. The analysis tool of the research is Structural Equation Modelling (SEM) using Lisrel program. SEM stages were performed based on Confirmatory Factor Analysis (CFA). Modifications were not performed to the model because the study was not intended to result a fit model. Fitness tests were based on Goodness fit Index. The population target of the research amount 4364 students, 255 students were selected as respondents of the research, using stratified proportioned random sampling.

4 FINDINGS AND DISCUSSIONS

The results of prerequisites test: Data per indicator is distributed normally. There is no multicollinearity because the correlation value between construct variables is 0.3 to 0.8 (located under 0.9). There is no presence of outliers because the value for each indicator is between the score -2.50 and 2.50.

The score of CR are located between 0.81 to 0.89 > 0.70 and the score of VE are located between 0.51 to 0.73 > 0.50; indicates that the indicator which are from the variable of Service quality, Customer satisfaction, and Trust is a reliable indicator.

![Figure 1. The Overall Model Based on Loading Factor](image-url)
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![Figure 1. The Overall Model Based on Loading Factor](image)
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<table>
<thead>
<tr>
<th>No</th>
<th>Index</th>
<th>Standard Score</th>
<th>Result Score</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ρ(Χ²)</td>
<td>&gt; 0.05</td>
<td>0.103</td>
<td>Fit</td>
</tr>
<tr>
<td>2</td>
<td>GFI</td>
<td>≥ 0.80</td>
<td>0.96</td>
<td>Fit</td>
</tr>
<tr>
<td>3</td>
<td>RMSEA</td>
<td>≤ 0.08</td>
<td>0.032</td>
<td>Fit</td>
</tr>
</tbody>
</table>

The results of the overall research hypothetical model are based on the value of the loading factor below.

Hypothesis testing is further conducted to examine the structural model. This is performed because the relationship having been demonstrated through the magnitude of the coefficient cannot deduce the existing influence among these variables.

**Hypothesis 1**: Service quality has a direct positive effect toward customer satisfaction. Statistic hypothesis

\[ H_0 \quad \gamma_{11} \leq 0 \]

\[ H_1 \quad \gamma_{11} > 0 \]

The calculation result shows that Ho was rejected because the path coefficient of service quality toward customer satisfaction = 0.42; \( t_{value} = 6.16 \) larger than \( t_{table} (0.05; 254) = 1.97 \). This means that there is a Direct positive effect of quality service toward customer satisfaction.

The accuracy of setting up the Semester final exam schedule has the highest factor forming the charge indicators of service. This indicator also has the highest factor of payload that forms the variable of Service Quality. Fitzsimmons & Mona [4] suggested that the service quality based on the cycle of service quality is measured with the absence of gap between the expected and received services. If this happens, the customers will have the feeling of love to the service as well as correspondence between expectation and desire of Service. Both are a form of customers' satisfaction indicators, in this case the students'. The exact setting up of final exam schedule can give students satisfaction when the exam results a good score. This is because they have been well prepared for the exam prior to the implementation of the schedule. The accuracy of the variables that make up the service quality has a direct positive effect toward feeling satisfaction and fitness between expectation and desire of the services that make up the variable of customers' satisfaction. This is supported by a research of Gabarino & Johnson [1] suggesting that the service quality is a factor affecting satisfaction.

**Hypothesis 2**: Service quality has a direct positive effect toward trust. Statistic hypothesis

\[ H_0 \quad \gamma_{21} \leq 0 \]

\[ H_1 \quad \gamma_{21} > 0 \]

The calculation result shows that Ho was rejected because the path coefficient of service quality toward trust = 0.42; \( t_{value} = 6.16 \) larger than \( t_{table} (0.05; 254) = 1.97 \). This means that there is a direct positive influence of customer satisfaction toward trust.

Inaccuracy of a given service such as changes in the schedule of final exam (either set preceding or following the Academic Handbook) may cause discontent of students against the quality of the services provided. If it is preceding set up, the students may fail to prepare the exam to result to the maximum. The inaccuracy of the schedule shows that the services received are not qualified so that the students will not believe in the schedule set up in the Academic Handbook.

Empirical results demonstrate the appropriateness of the service toward the setting up of final exam schedule has been assessed by the students nearly good indicating that the schedule of follows the one set. This means that students will have confidence in the university if they judge the quality of the good service. The higher assessment of good category to the quality of the service, the more feeling of trust. In other words, UNJ will have met the desires of the students as customers [4] to the maximum. Thus, students will not get disappointed with the services provided by UNJ.

This is supported by a research of Wong & Ho [3] and Sultan & Yin [10] suggesting that the service quality is a factor affecting trust.

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One definition of customer satisfaction from the customer viewpoint is the need for avoiding a wrong decision [13]. Students’ discontent against inappropriateness of given services may give rise to the distrusts to UNJ from students. It means that there is a gap between the expected and provided services. The highest value of loading factor is on feelings of love to the service as well as of the happiness due to the expectations of service corresponding to the services provided; it means that students will feel satisfied driving to increasing the confidence of students in University.

The empirical results of students’ satisfaction as customers exist because they feel that what students receive follows what they desire so that they will feel satisfied with services received [5] [1] [11]. If the needs are met, there will be no disappointment and it will affect the students trust in the University. This is supported by a research of Gabarino & Johnson [1] and Caceres & Paparoidamis [11] suggesting that the student satisfaction is a factor affecting trust.

5 CONCLUSION

Results of the research shows that: 1) Service quality has a direct positive effect toward Customer Satisfaction; 2) Service quality has a direct positive effect toward Trust; and 3) Customer Satisfaction has direct positive effect toward Trust.

The loading factor of each variables are: 1) The accuracy of the service is an indicator that it is the highest loading factors making up the variable of Service Quality; 2) The highest indicator of customers’ satisfaction is a happy feeling of the services and the scores on services expected by students is the same as the services they receive; and 3) The highest indicator of trust is openness.

6. REFERENCES


Certificate

Presemtor
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Shinta Doriza

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And

Sheraton Hotel, Surabaya, Indonesia
4th of August, 2017
GC-BME 2017

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