# THE EFFECTS OF PERCEIVED QUALITY OF SERVICE, RELATIONSHIP QUALITY AND DELIVERY PROCESS OF SILK  SYSTEM SERVICE ON SERVICE VALUE AND ITS IMPLICATIONS ON INSTITUTIONAL IMAGE SILK IN INDONESIA

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## ABSTRACT

The poor Image of SILK (information system for logging legality) institution in Indonesia is allegedly caused by perceived quality of service, relationship quality, service delivery process and service value which are still low.

The purpose of this research is to find out and analyze the effects of perceived quality of service, relationship quality and service delivery process both partially and jointly on the service value. To find out and analyze the effects of perceived quality of service, relationship quality, service delivery process and service value both partially and jointly on institutional image. The population in this research were business customers (companies) SILK system users.

The research method employed in this research is descriptive survey method and explanatory survey with sample size of 300 respondents, and the data analysis method employed is SEM (Structural Equation Modeling).

Based on the research results, the research findings are as follows: the perceived quality of service does not affect the service value. The relationship quality has positive and significant effects on the service value. The service delivery process has positive and significant effect on the service value. The perceived quality of service, the relationship quality and the service delivery process jointly have positive and significant effect on the service value. Partially, the service delivery process has the most dominant effect on the service value. The perceived quality of service has positive and significant effect on the institutional image. Relationship quality does not affect the institutional image. Service delivery process does not affect the institutional image. Service value has positive and significant effects on the institutional image. The perceived quality of service, relationship quality, service delivery process and service value jointly have positive and significant effects on the institutional image. Partially service value has the most dominant effects on the institutional image.

**Key Words : *Perceived Quality of Service, Relationship Quality, Service Delivery Process, Service Value, Institutional image, SILK***

## INTRODUCTION

Indonesia is one of the countries that has the potential of forestry resources the largest in the world (Syamsu Nature and Hajawa, 2007: 56-68), Indonesia forest having advantage which is not possessed by many other countries, namely the light of the sun available throughout the year accompanied rainfall is relatively high be upon variations of geography, topography and the geologic history of the environment so as to form a formation of a forest that diverse and in the end produce biodiversity the plants which high.Indonesia forest kelebihan-kelebihan over another country making the world admitted that indonesia forest biodiversity having herbs largest in the world (Suganda et al. , 2008).

Rattan products this also has improved main export revenue in addition to oil and gas the earth and would be identical to the reception main export other agricultural like coffee, rubber and palm oil.Besides, rattan industry has also meet the requirements of the development of oil and gas export not because: ( a ) tap the resources of interior ( b ) to zoom in added value, ( c ) be able to compete in the world market, ( d ) able to absorb labor (Muhdi, 2008). But rattan eksport indonesia is experiencing fluctuations.

In 2005, the rattan industry is to weaken it.Exports falling by 347 million from us $ to only us $ 138 million (Suhendra, 2011). This condition is worsened again when the indonesian rattan furniture unable to compete with the Indonesian rattan furniture rivals such as china, cambodia and thailand.

### Research Objectives

1.To find out and analyze the perceived service quality influence on the service values.
2.To find out and analyze the relationship quality influence on the service values.
3.To find out and analyze the service delivery process influence on the service values.
4.To find out and analyze the influence of perceived service quality, relationship quality, and service delivery process altogether on the service values.
5.To find out and analyze the perceived service quality influence on the institution's image.
6.To find out and analyze the relationship quality influence on the institution's image.
7.To find out and analyze the service delivery process influence on the institution's image.
8.To find out and analyze the service values influence on the institution's image.
9.To find out and analyze the influence of perceived service quality, relationship quality, and service delivery process altogether on the institution's image.

## Research Methodology

The variables of operational definition are meant to clarify the variables to be researched, where the main problems of the research are:
1.Perceived Service Quality ($\xi 1$) as a free variable.
2.Relationship Quality ($\xi 2$) as a free variable.
3.Service Delivery Process ($\xi 3$) as a free variable.
4.Service Value ($\eta 1$) as an immediate variable
5.Institution's Image ($\eta 2$) as a restricted variable.

## Discussion

**Table 1. Size of Model Fit**

| GOF Indicator | Expected Size | Estimated Result | Conclusion |
|---|---|---|---|
| *Absolute Fit Size* | | | |
| GFI | GFI > 0,90 | 0,88 | Marginal Fit |
| RMSEA | RMSEA < 0,08 | 0,059 | Good Fit |
| *Incremental Fit Size* | | | |
| NNFI | NNFI > 0,90 | 0,94 | Good Fit |
| NFI | NFI > 0,90 | 0,91 | Good Fit |
| AGFI | AGFI > 0,90 | 0,85 | Marginal Fit |
| RFI | RFI > 0,90 | 0,89 | Marginal Fit |
| IFI | IFI > 0,90 | 0,95 | Good Fit |
| CFI | CFI > 0,90 | 0,95 | Good Fit |

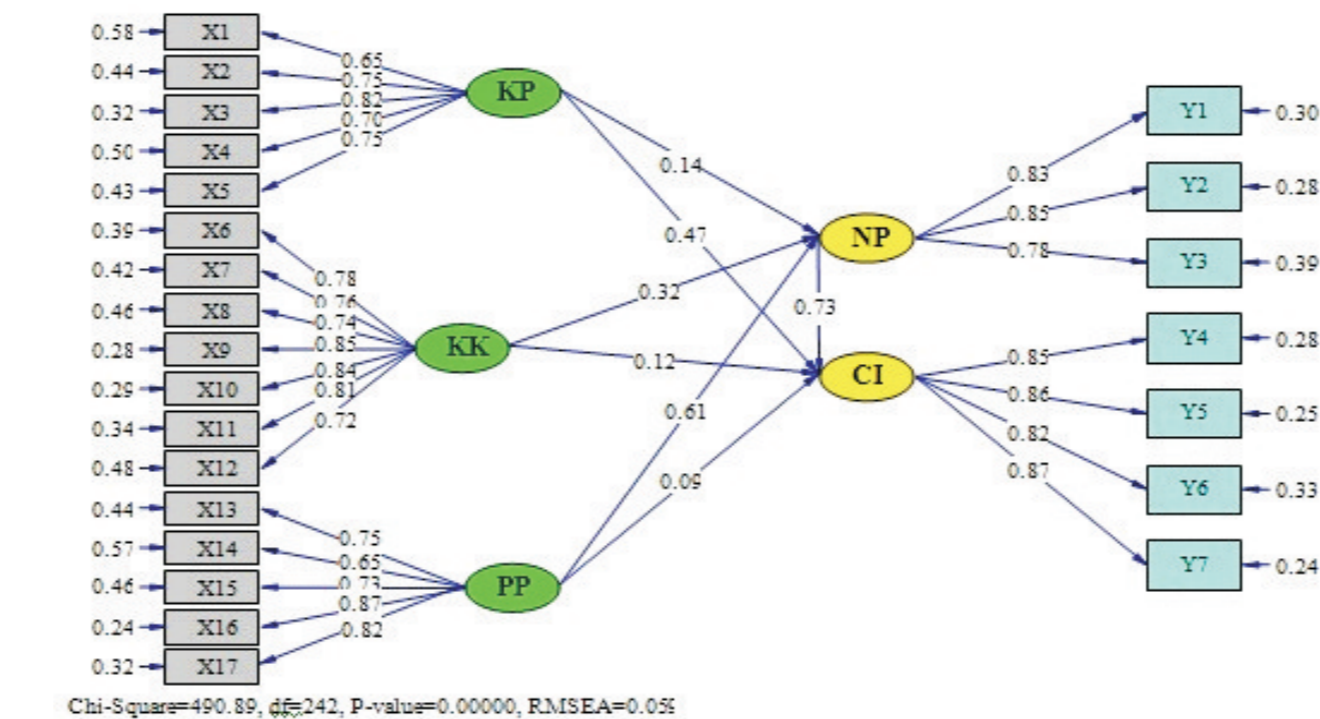Source: Calculation Result by LISREL 8.30



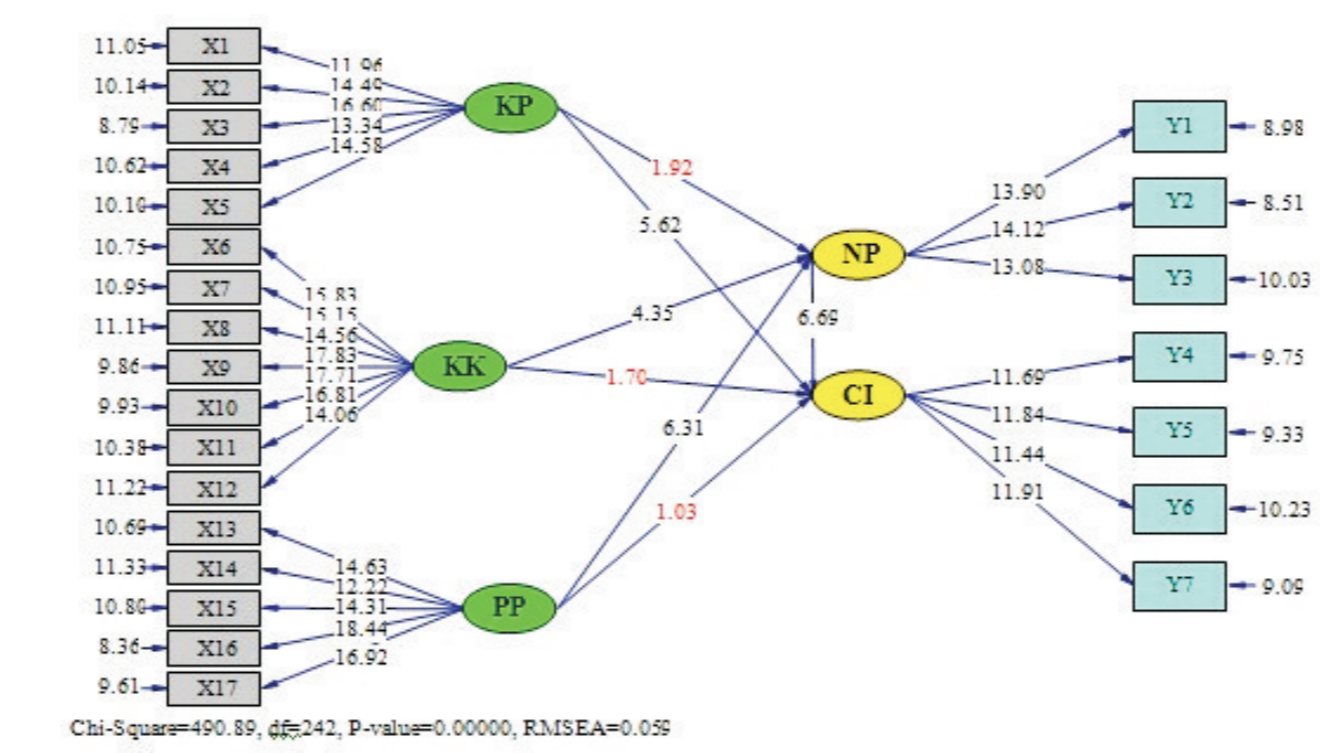**Figure 2. SEM Calculation Result (*Standardized Model*)**



**Figure 3. SEM Calculation Result (*t-value Model*)**

Where:
KP  = Perceived service quality
KK  = Relationship quality
PP  = Service delivery process
NP  = Service value
CI  = Institution's Image

**Table 2. Fit Test Variable of Structural Model**

| Latent Endogen Variable | Latent Exogen/ Endogen Variable | Path Coefficient (Standarized) | Standard Error (SE) | Value $t_{calculation}$/ $F_{calculation}$ | Test result |
|---|---|---|---|---|---|
| Service value (NP) | Perceived service quality (KP) | 0.14 | 0.074 | **1.92** | Not significant |
| | Relationship quality (KK) | 0.32 | 0.074 | 4.35 | Significant |
| | Service delivery process (PP) | 0.61 | 0.097 | 6.31 | Significant |
| | Perceived service quality (KP), Relationship quality (KK), and Service delivery process (PP) | 0.77 | 0.019 | 21.11 | Significant |
| Institution's Image (CI) | Perceived service quality (KP) | 0.47 | 0.083 | 5.62 | Significant |
| | Relationship quality (KK) | 0.12 | 0.068 | **1.70** | Not significant |
| | Service delivery process (PP) | 0.09 | 0.091 | **1.03** | Not significant |
| | Service value (NP) | 0.73 | 0.11 | 6.69 | Significant |
| | Buyers (KP), Relationship quality (KK), Service delivery process (PP), and Service value (NP) | 0.87 | 0.008 | 30.61 | Significant |

Source : Calculation result of LISREL 8.30

Notes : $t_{calculation}$ and $F_{calculation}$ criteria are (Hair, Andersen, Tatham, and Black, 2006 : 636):
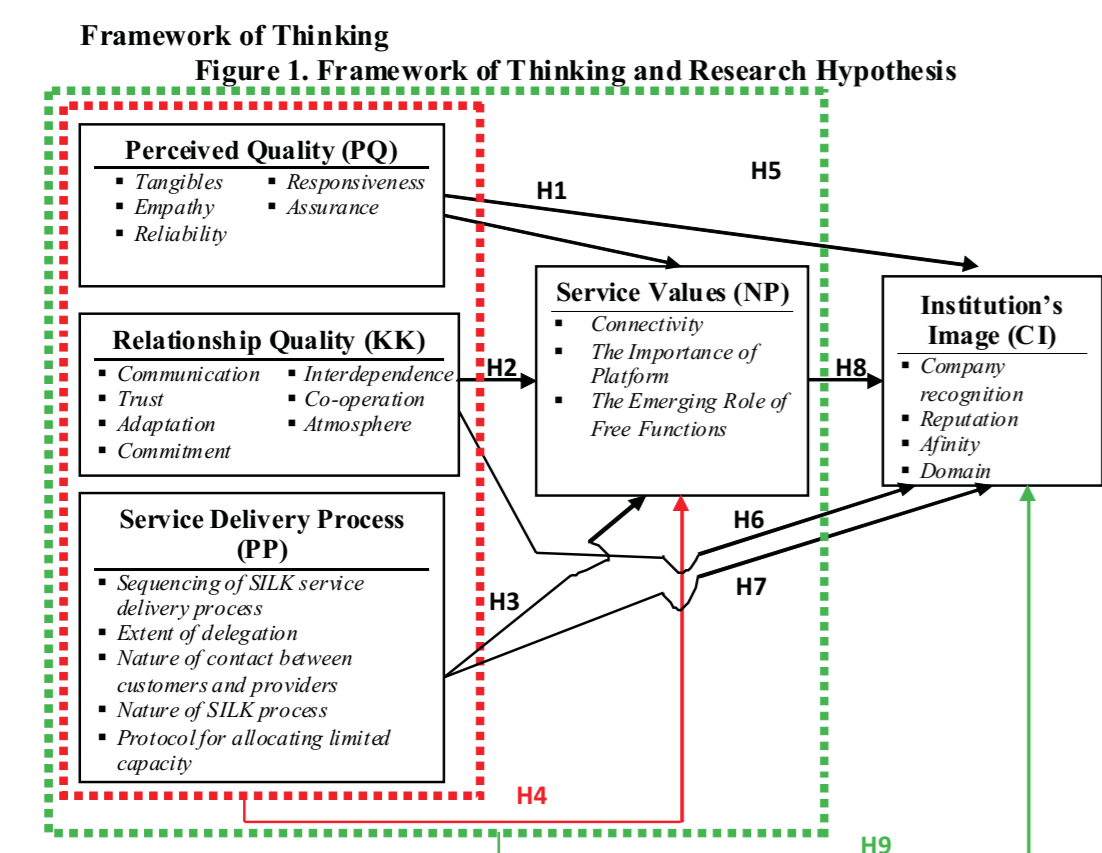
    a. *Partial Test Criteria,if $t_{calculation}$> 1.96 with α=5% then $H_0$ is rejected or $H_a$ is received.*

    b. *Joint Test Criteria, if $F_{calculation}$> 3.84 with α=5% then $H_0$ is rejected or $H_a$ is received.*

**Table 3. Structural Equation Model**

$$NP = 0.14*KP + 0.32*KK + 0.61*PP, \text{Errorvar.} = 0.40, R^2 = 0.60 \quad\text{.............................. (1)}$$
$$\quad(0.074)\quad(0.074)\quad(0.097)\quad\quad(0.019)$$
$$\quad\;1.92\quad\quad\;4.35\quad\quad\;6.31\quad\quad\quad\;21.11$$

$$CI = 0.73*NP + 0.47*KP + 0.12*KK + 0.094*PP, \text{Errorvar.} = 0.24, R^2 = 0.76 \quad\text{........... (2)}$$
$$\quad(0.11)\quad(0.083)\quad(0.068)\quad(0.091)\quad\quad(0.008)$$
$$\quad\;6.69\quad\quad5.62\quad\quad1.70\quad\quad1.03\quad\quad\quad\;30.61$$

(Source : Attachment of LISREL 8.30 output)

## Conclusions

1. Perceived service quality is not proven to influence the service values positively and significantly, as can be seen in Table 2.
2. Relationship quality is proven to influence the service values positively and significantly, with a direct influence of 0.32, as can be seen in Table 2.
3. Service delivery process is proven to influence the service values positively and significantly, with a direct influence of 0.61, as can be seen in Table 2.
4. Perceived service quality, Relationship quality, and Service delivery process are jointly proven to influence service value with the influential contribution of 60%. However, if seen partially, the service delivery process is the most dominant in influencing the service value, as can be seen in Table 2.
5. Perceived service quality is proven to influence the institution's image positively and significantly with a direct influence of 0.47, as can be seen in Table 2.
6. Relationship quality is not proven to influence the institution's image positively and significantly, as can be seen in Table 2.
7. Service delivery process is not proven to influence the institution's image positively and significantly, as can be seen in Table 2.
8. Service value is proven to influence the institution's image positively and significantly, with a direct influence of 0.73, as can be seen in Table 2.
9. Perceived service quality, relationship quality, service delivery process, and service value are jointly proven to influence the institution's image positively and significantly with the contribution of 76%, but if seen partially, then the service value is the most dominant to influence the instituion's image, as can be seen in Table 2.

### Framework of Thinking



**Figure 1. Framework of Thinking and Research Hypothesis**

### Research Hypothesis

H1: There is perceived service quality influence on service values
H2: There is relationship quality influence on service values
H3: There is service delivery process influence on service values
H4: There is influence of perceived service quality, relationship quality, and service delivery process altogether on service values.
H5: There is perceived service quality influence on the institution's image.
H6: There is relationship quality influence on the institution's image.
H7: There is service delivery process influence on the institution's image.
H8: There is service value influence on the institution's image.
H9: There is influence of perceived service quality, relationship quality, and service delivery process altogether on the institution's image.

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