

Customer Satisfaction in an SME: a customer perspective in perceived value and local brand image

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LITERATURE REVIEW

Products are all things that can be offered in the market to get attention, demand, consumption or consumption that can satisfy the needs of consumers. Products consist of quality, features, choice or choice, style, brand name, packaging, size, product line, product item, warranty, service (Kotler, P., Keller, K. L., Brady, 2016). Basically there are five levels of products, namely core benefits, basic products, expected products, additional products and potential products (Kotler & Keller, 2006). High quality of products, give a brand image value through several ways such as high quality give customers a good reason to buy certain products and differs from another competitors while applying a premium price and great power on customer mind. Good perceived quality is inseparable with good brand positioning in customer mind and proved by its functionality (Babakus, Bienstock, & Van Scotter, 2004).

To achieve customer satisfaction, an organization should ignore about market reviews and advertising and focusing on providing appropriate production facilities and service infrastructure to provide adequate products and services (Gustafsson, Johnson, & Roos, 2005). Prior studies has indicates that several aspect affecting the customer satisfaction are perceived quality and brand image (Olsen & Johnson, 2003; Ranjbarian, Sanayei, Kaboli, & Hadadian, 2012).

There are two perceived quality based on the products and services namely perceived service quality and perceived products quality (Babakus et al., 2004). Some studies have shown that perceived value have a direct impact on customer satisfaction (Snoj, Pisnik Korda, & Mumel, 2004; Sweeney, Soutar, & Johnson, 1999; Tam, 2004; Yoo & Park, 2007). Newest study stated that perceived quality of social enterprise products has positive effects on perceived value. That is, the higher the perception of quality is, the higher the perceptions of functional, emotional and social value are (Choi & Kim, 2013). Study conducted in automotive industry also indicates that both perceived service quality and perceived product quality increasing the customer satisfaction (Jahanshahi, Gashti, Mirdamadi, Nawaser, & Khaksar, 2011).

H1: Perceived Quality increases the Customer Satisfaction.

Perceived quality was defined as consumers' judgment about products' excellence or superiority. Prior study proposed that perceived service quality is determined by the difference between expected services and perceived services (Parasuraman, Zeithaml, & Berry, 1985). In many research, a brand image can be positively affected by perceived quality (Ranjbarian et al., 2012; Selnes, 1993; Zins, 2001).

H2: Perceived Quality Increase Brand Image on Customer.

Brand image could be defined as depicting process of a brand that is brought to the consumer's mind by the brand association (Kotler, P., Keller, K. L., Brady, 2016; Kotler & Keller, 2006). Brand image can be also defined as consumer's thoughts and feelings about the brand (Roy & Banerjee, 2008). Many Prior studies found that there is close relationship from brand image on customer satisfaction (Hussain, Nasser, & Hussain, 2014; Michaelidou, Siamagka, & Christodoulides, 2011; Sondoh, Omar, Wahid, Ismail, & Harun, 2007).

H3: Brand Image Increase Customer Satisfaction.

METHODS OF RESEARCH

According to the research nature, this research is a quantitative research by using explanatory approach. Quantitative research is may simply defined as the research techniques associated with data gathering, analysis, interpretation and presentation of numerical information (Creswell, 2013). This current research goes beyond a descriptive approach and categorized as explanatory research since it tries to explain causal relationship among variables through some hypotheses testing in an empirical setting (Singarimbun & Effendi, 2011).

Based on the data collection techniques, this research is a survey research. Survey is used to gather any information from respondent by using questionnaire as the primary data gathering instrument (Singarimbun & Effendi, 2011). Since the population of customers was

unknown, this research employ Campbell sample formula drawn as many as 139 sample. The whole sample was measured by using 5 point likert scale.

Data analysis employed in this study was using Partial Least Square based on Structured Equation Modeling (PLS-SEM) to reveal the causal relationship among variables. PLS-SEM is a causal modeling approach aimed at maximizing the explained variance of the dependent latent construct (Hair, Gabriel, & Patel, 2014). Another finding suggest that PLS is a regression based analysis with fewer data assumption and more accurate coefficient results (Mayfield & Mayfield, 2012). Compared to Covariance Based SEM (CB-SEM), PLS is robust with fewer identification issues (fewer Goodness of fit criteria). In examining the PLS-SEM this research employ PLS software namely SmartPLS v. 2.0 to examine the model.

The object of this research is Sasirangan SME's industries that produce the local motive fabric that also called as "Kain Sasirangan" Sasirangan Fabrics in Banjarmasin, South Kalimantan, Indonesia. The subject of this study is youngsters in Banjarmasin city. Youngsters were chosen since their characteristics that are called as a millennial life style in today's modern living. Do the youngsters still aware on the local products particularly which have a local wisdom identity.

RESULTS AND DISCUSSION

After the data has been completely collected, the next step is examining descriptive statistics and the structural model. According to descriptive frequencies, the largest grand mean of three variable is respectively started from perceived quality (3.85), customer satisfaction (3.84), and brand image (3.74). From this descriptive explanation this descriptive finding, the customer is relatively have a high perceived quality on Sasirangan SME's product. The customer is also shows a great satisfaction on Sasirangan SME's product. And customer also feels that Sasirangan SME's product have a great image on their mind

According to the model running in PLS-SEM employing SmartPLS V2.0 by using 2 steps. First step is the evaluation of construct reliability and validity assessment. Based on the Table 1 below the Cronbach's alpha has met the cut-off value which from those three variable indicates high reliability above 0.9 (cut-off >0.7). Validity was examined using both convergent and discriminant validity. Convergent validity was reflected by AVE (Average Variance Extracted) that should be higher than 0.50, in which all of three variable indicates high validity (Hair, Ringle, & Sarstedt, 2013). Discriminant validity was examined based on the Fornell-Larcker criterion. The formula was the square root of each construct's AVE which results should be greater than its highest correlation with any other construct (Hair et al., 2014). According to Table 1 below the diagonal elements (Bold) are the square root of AVE and the off diagonal are the latent variable correlations (Roldán & Sánchez-Franco, 2012).

Table 1 – Reliability and Validity Assessment

| | AVE | Composite Reliability | R Square | Cronbachs Alpha | BI | CS | PQ |
|----|-------|-----------------------|----------|-----------------|-------|-------|-------|
| BI | 0.855 | 0.959 | 0.490 | 0.943 | 0.925 | | |
| CS | 0.862 | 0.949 | 0.612 | 0.919 | 0.708 | 0.928 | |
| PQ | 0.794 | 0.975 | | 0.971 | 0.699 | 0.732 | 0.891 |

Source: SmartPLS Output.

After all of the Reliability Results has met its cutoff value, the next step is assessing the structural model both directly and indirectly. Based on the Statistics calculation below the results support for hypothesis 1, hypothesis 2, and hypothesis 3 since the t-calculated is smaller than t-table.

Based on Table 2 Hypothesis 1 proposed a positive relationship between perceived quality and customer intention and it is supported (7.668>1.96). Hypothesis 2 proposed positive relationship between perceived quality and brand image and it is supported

(13.596>1.96). Hypothesis 3 proposed positive relationship between brand image and Customer Satisfaction and it is supported (6.679>1.96).

Table 3 shows the indirect effect which is calculated by using sobel formula employing sobel calculator to find out the significance level of construct between perceived quality on customer satisfaction mediated by brand image and it is supported (5.995>1.96). The final Structural model was shown in figure 1 below.

Table 2 – Direct Effect

| Hypothesis | Direct Effect | | |
|---|---------------|--------|------------|
| | Path | t | Conclusion |
| H1: Perceived Quality increases the Customer Satisfaction | 0.462 | 7.668 | Supported |
| H2: Perceived Quality Increase Brand Image on Customer | 0.699 | 13.596 | Supported |
| H3: Brand Image Increase Customer Satisfaction | 0.385 | 6.679 | Supported |

Sources: PLS Output.

Table 3 – Indirect Effect

| Hypothesis | Indirect Effect | | |
|---|-----------------|-------|------------|
| | Path | t | Conclusion |
| Perceived Quality → Brand Image → Brand Image | 0.790 | 5.995 | Supported |

Sources: PLS Output.

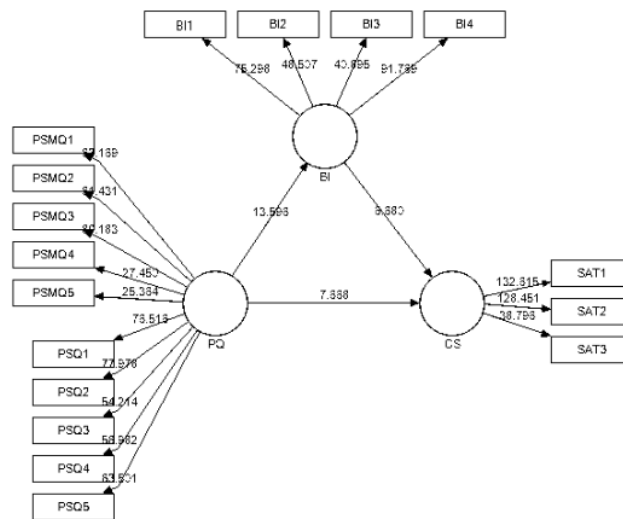


Figure 1 – Structural Model (Sources: PLS Output)

CONCLUSION AND RECOMMENDATION

This research investigates the effect of perceived value and brand image on customer satisfaction in SME's particularly by the youngster customer. Research model was proposed various prior study that coming with different object. Both of the exogenous variables namely perceived quality and brand image affecting the customer satisfaction in Sasirangan SME's. Between those two exogenous variable, perceived qualities have a dominant effect on customer satisfaction rather than brand image. However the PLS-SEM model examination shows that the indirect effect between perceived quality, brand image and customer satisfaction are greater than direct effect which indicates that by improving either the product

¹ quality or service quality will increase the brand image on customer mind which leads to customer satisfaction.

Based on the discussion above it is proven that the perceived quality is remain becoming a central consideration rather than the brand image. Which means that the products quality of sasirangan fabric in Banjarmasin city is relatively having a same quality of products and services. This argument is also supported by the grand mean on descriptive statistics above. Most of the customer is satisfied enough with the products from Sasirangan SME's. Though brand image is also have a smaller mean, doesn't mean that brand image become less considerable variable rather than the perceived quality. It can be caused by reversed variable interaction. Prior research also indicates that there is a positive relationship from brand image on perceived quality (Johnson & Bruwer, 2007; Ranjbarian, Sanayei, Kaboli, & Hadadian, 2012).

However there is no research without limitation, so does with this study. There are several limitation on this research that can be recommendation for future research. This research is limited on certain industry, so the degree of generality against another research may be limited. Thus the wider the industry and larger amount of respondent with a wider span of respondent characteristic may able the research to generate better conclusion This research is conducted only using a non-recursive model which in another theory it could be designed as a recursive model.

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**СТРАТЕГИЯ ОПТИМИЗАЦИИ СИСТЕМЫ УПРАВЛЕНИЯ ПЕРСОНАЛА
ДЛЯ ФОРМИРОВАНИЯ КОНКУРЕНТНЫХ ПРЕИМУЩЕСТВ ИННОВАЦИОННОГО
АГРОПРОМЫШЛЕННОГО КОМПЛЕКСА**
STRATEGY OF OPTIMIZATION OF PERSONNEL MANAGEMENT SYSTEM
FOR FORMATION OF COMPETITIVE ADVANTAGES OF INNOVATIVE AGRO-
INDUSTRIAL COMPLEX

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АННОТАЦИЯ

Актуальность приобретает проблема оптимизации системы управления персоналом и разработка стратегии ее формирования, которая является ключевой и приоритетной функцией субъектов аграрного бизнеса. В данной статье предлагается создание высокоэффективного подхода к управлению системой персоналом для формирования конкурентных преимуществ инновационного АПК. Новизна, состоит в возможности установления должностных окладов с одновременным сопоставлением производительности труда и оценки работников системы управления персоналом. При этом преимущество предлагаемой стратегии является возможность получать информацию об уровне профессионального развития работника, применение методики оценки управленческого персонала с учетом критериев оценки профессиональных знаний, умений и навыков, что позволит повысить эффективность и имидж организации.

ABSTRACT

The problem of optimizing the personnel management system and developing a strategy for its formation becomes a topicality, which is the key and priority function of agribusiness entities. This article proposes the creation of a highly effective approach to the management of personnel by the system in order to form the competitive advantages of an innovative agro-industrial complex. Novelty consists in the possibility of establishing official salaries with a simultaneous comparison of labor productivity and evaluation of employees in the personnel management system. At the same time, the advantage of the proposed strategy is the ability to receive information about the level of professional development of the employee, the application of the method of assessing management personnel, taking into account the criteria for assessing professional knowledge, skills and skills, which will improve the efficiency and image of the organization.

КЛЮЧЕВЫЕ СЛОВА

Аграрная экономика, имидж, инновации, оптимизация, персонал, сельское хозяйство, система управления персоналом, стратегия.

KEY WORDS

Agrarian economy, image, innovation, optimization, personnel, agriculture, human resources management system, strategy.

В условиях возобновления роста аграрной экономики и перехода ее на инновационный путь развития особую актуальность приобретает проблема оптимизации системы управления персоналом и разработка стратегии ее формирования. Целью создания высокоэффективного подхода к управлению системой персоналом является повышение адекватности качеств рабочей силы, обеспечение

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