



## **The Effect of Organizational Justice and Service Quality on Customer Perceived Value among University Students: Controlling the Effect of Demographic Variables (Age, Gender, Social-Economic Status, and GPA)**

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### **ABSTRACT**

This study investigates the effect of a university's organizational justice and service quality on the students' perceived value of higher education institutions. Many studies have investigated the importance of customer perceived value in business. Several predictors have been identified, such as service quality and fairness in service. However, business and public sector services have distinct characteristics that define each sector. Considering the importance of education services and the role of higher education institutions, this study explored the contribution of organizational justice and service quality to students' perceived value. There were 517 students from higher education institutions who participated in the study. They were recruited through online advertisements, and the survey was completed online. The results confirmed the contribution of organizational justice and service quality to students' perceived value. The results were consistent after controlling the effect of other demographic variables (e.g., gender). This study suggested that organizational justice and service quality should be fostered in Indonesian higher education institutions. Organizational justice in higher education can instil a sense of proper educational management while service quality assures the university's high standard of services. Like other customers in business, students in higher education also expect value for their education. However, if they find injustice and poor services at their university, they will be more likely to perceive low value. This study has confirmed the application of organizational justice and quality service theory in higher education services.

**Keywords:** students; higher education; perceived value; organizational justice; service quality

### **INTRODUCTION**

Many scholars have investigated consumers' perceived value (Barrutia & Gilsanz, 2013; Novela et al., 2020; Oh, 2000; Shin et al., 2019; Yue et al., 2021). This is one of the most investigated variables in marketing and management. In studying customer satisfaction, customer perceived value becomes the center issue as this variable informs researchers and

practitioners how customers value a product or service. As this variable is vital, all predictors related to the customer perceived value are also significant.

Some scholars have studied the predictors of customer perceived value. For example, service quality influences how customers perceive the value of products (Barrutia & Gilsanz, 2013). Brand and price have been found earlier as the two predictors of perceived value (Oh, 2000). Carvalho & de Oliveira Mota (2010) also found trust to predict customer perceived values significantly. All these predictors could inform practitioners and researchers that customer perceived values are established based on many factors in business.

Every business has its management style, values, and approaches. These differences could make the effect of those predictors on customer perceived values vary dramatically. Thus, investigating how a set of predictors influences customer perceived value is necessary. In public service organizations, people receive services rather than goods or products. Civilians, as the customers, value the services based on many factors. Some of them could be similar to those in business, but many are distinct from the business or private sectors.

One of the busiest public sectors in Indonesia is education institutions. The government seriously put budgets and efforts into supporting education services, including the higher education institutions. Research shows that students' evaluation of education services was influenced by several predictors (Guilbault, 2016; Hamid, 2013; Moosmayer & Siems, 2012; Petruzzellis & Romanazzi, 2010; Woodall et al., 2014). In Indonesia, like in business organizations, higher education students consider tuition fees one of the criteria to choose and value university services. Services provided by the institutions are also essential to evaluate the quality of education. Considering the above discussion, this study explores the effect of the university's organizational justice and service quality on students' perceived value (customer perceived value). Also, to evaluate the confounding effect of other demographic variables, this study will include age, gender, social-economic status, and grade point average (GPA) as control variables.

## **METHOD**

This study employed a quantitative method with a cross-sectional data collection technique. Participants were higher education students who were actively enrolled in Indonesian universities. They were recruited via online advertisements targeting students in higher education institutions. After dropping some invalid responses, 517 participants were included in the data analysis, where most of them were female (60%) and undergraduate students (90%). The measures were the organizational justice scale (Colquitt, 2001), the service quality (Servqual) scale (Parasuraman et al., 1988), and the consumer perceived value scale from Sweeney & Soutar (2001). All these scales were administered using Likert-type scales, and all of them showed Cronbach's alpha reliability above .75, indicating reliable measures. The survey was administered using an online survey platform where most participants completed the survey within 20 to 30 minutes.

## **RESULTS AND DISCUSSION**

This study performed a hierarchical regression analysis technique to test the contribution of organizational justice and service quality on students' (customer) perceived value. Please see the following table 1 dan 2 for more details.

**Table 1**  
**Model summary**

Model	R	R <sup>2</sup>	Adj. R <sup>2</sup>	SEE	Change Statistics		
					R <sup>2</sup> change	F change	p-value of F change
1	.121 <sup>a</sup>	.015	.007	13.895	.015	1.907	.108
2	.535 <sup>b</sup>	.287	.280	11.835	.272	194.713	.000
3	.579 <sup>c</sup>	.335	.328	11.433	.049	37.555	.000

a. Predictors: (Constant), GPA, Social Economic Status, Gender, Age

b. Predictors: (Constant), GPA, Social Economic Status, Gender, Age, Organizational Justice

c. Predictors: (Constant), GPA, Social Economic Status, Gender, Age, Organizational Justice, Service quality

Table 1 describes the regression models for this study's hypothesis testing. Model 1 was stuffed with all demographic variables in this study (GPA, SES, gender and age). In the following models, organizational justice and service quality were subsequently inserted into the regression model. As seen in the table, the first model was insignificant, meaning the demographic variables did not significantly predict the student's perceived value. As expected, models 2 and 3 yielded significant results suggesting the significant contribution of organizational justice and service quality to students' perceived value of education services.

**Table 2**  
**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	p-value
		B	Std. Error	Beta		
1	(Constant)	127.329	9.963		12.780	.000
	Age	<b>-1.289</b>	<b>.539</b>	<b>-.126</b>	<b>-2.391</b>	<b>.017</b>
	Gender	.273	1.807	.007	.151	.880
	Social Economic Status	-1.253	1.247	-.044	-1.005	.316
	GPA	.252	.425	.031	.593	.553
2	(Constant)	67.626	9.504		7.116	.000
	Age	<b>-1.061</b>	<b>.459</b>	<b>-.104</b>	<b>-2.310</b>	<b>.021</b>
	Gender	1.667	1.542	.041	1.081	.280
	Social Economic Status	.323	1.068	.011	.303	.762
	GPA	.074	.362	.009	.205	.838
3	(Constant)	58.136	9.311		6.244	.000
	Age	<b>-1.036</b>	<b>.444</b>	<b>-.101</b>	<b>-2.333</b>	<b>.020</b>
	Gender	2.931	1.504	.072	1.949	.052
	Social Economic Status	.189	1.032	.007	.183	.855
	GPA	.040	.350	.005	.114	.909
	Organizational Justice	<b>.602</b>	<b>.048</b>	<b>.470</b>	<b>12.522</b>	<b>.000</b>
	Service Quality	<b>.194</b>	<b>.032</b>	<b>.231</b>	<b>6.128</b>	<b>.000</b>

a. Dependent Variable: Customer Perceived Value

Furthermore, table 2 shows the relative contributions of each predictor in the model. As shown in model two, organizational justice significantly predicted the students' perceived value (.526,  $p < .001$ ) after controlling the effect of demographic variables. The effect of service quality also suggested a similar trend. After controlling the effect of all demographic variables and organizational justice, service quality still contributed significantly to the students' perceived value (.23,  $p < .001$ ). Thus, this study contended that organizational justice and service quality positively and significantly predict the students' perceived value of education services after controlling the effect of demographic variables.

## Discussion

This study investigates the effect of students' perception of university's organizational justice and service quality on students' perceived value of education services. The results suggested that after controlling the effect of demographic factors such as GPA, gender, and SES, this study found expected results. Organizational justice and service quality significantly and positively predicted students' perceived value. Thus, the student's perception of educational services is strongly determined by their perception of higher education justice and the quality of education services.

This study emphasizes some previous findings regarding the role of organizational justice (Checa-Morales et al., 2021; Cole et al., 2010; Colquitt, 2001; Goudarzvandchegini et al., 2011; Marín et al., 2009) and service quality in business and education institutions (Dhar, 2015; Farmer, 1988; Mansori et al., 2014; Oldfield & Baron, 2000; Russell, 2005; Vera & Trujillo, 2013; Yang et al., 2021). Organizational justice assures students that the university performs a high-quality standard of education. Organizational justice also ensures students that their university performs the academic procedure with justice without discrimination against any students. In addition, organizational justice also allows students to better interact with people in the university because justice requires interactional fairness between the university and its customers (students). Similarly, quality service ensures that the university runs the best quality education. Like other customers, students also expect higher value over the money. People expect that their sacrifice will result in a great value and higher than the cost to get the services. If the students perceive that the amount of money is less than the services they receive, they will become satisfied and put a higher value on the education services at the university. On the contrary, they could put lower value if they found the services are less than the money they spent at the university.

## CONCLUSIONS

This study found that university organizational justice and service quality at the university positively predicted students' perceived value. This study has illuminated our understanding of the effect of university organizational justice and service quality on the value of education services. Some factors influence how students value their learning in higher education. Thus, all people involved in building and running higher education should seriously consider forming organizational justice and service quality in higher education institutions. This study is among a few studies that focused on predictors of students' perceived value. By applying the theory of service and organizational justice, this study has initiated a discussion about the value of higher education institutions in Indonesia.

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