The Ethics of the Promise in the Service Marketing Triangle and its Effect on Value and Customer Intentions for Education Services

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Abstract: This research attempts to reveal the role of ethics in the concept of the promise (making, enabling and keeping promises), and its impact on the value and intentions of educational service customers. Using qualitative and field survey research approaches for selected MBA programs in five cities in Indonesia, the results of the study show that the ethical aspect has a significant role in making, developing, and keeping promises, as it influences the attainment of the customer values for education service institutions. Such value would act as the antecedent for the behavioral intentions of education service customers and be indicated by positive word of mouth. The implication of the research is directed to institutional strategy development in applying the Service Marketing Triangle concept, specifically in managing the MBA Programs.

Keywords: Ethics · Service Marketing Triangle · Customer Value · Education Services · Behavior Intention

Jel Classification: M11

1 Introduction

From the basic service marketing viewpoint, a promise can be categorized as a form of marketing communication that is usually put forth in a traditional promotion form (Zeithaml and Bitner, 2000). The delivery of a promise by a service provider in certain promotions is considered important, because the promotional characteristic has elements that establish trust to create strength in convincing or influencing potential customers (Copley, 2004). In the service marketing triangle concept, the activities which are related to the promise have been explained as: (1) external marketing; the activity of making a promise, (2) internal marketing; the activity of striving to keep a promise, and (3) interactive marketing; the activity of putting forth or fulfilling a promise (Bitner, 1995). In trying to understand the meaning of a promise in a service marketing triangle, a promise can be viewed from the perspective of Ethical and Moral theories (Stanford Encyclopedia of Philosophy, 2008).

In the development of the service marketing triangle concept, Bitner, Brown and Meuter (2000) have included and investigated the role of technology elements as part of the service encounter (interactive marketing). However, the ethical aspects in the marketing triangle concept have not yet been explained. Other research on promises is found in the tourism industry which highlights the use of promise as a marketing strategy (Yuncelt and Marcella, 1996 in Mc Quilqen, 2006), in a company’s after sales service bundled into their insurance product (Hays and Hill, 2001; Haysand
Hill, 2006), and the application promise in restaurant services (Lee, 2006). The study of Au and Chan (2006) focuses on unfulfilled promises in educational services in which high ethical standards are prominent.

Educational service is known as being a service that has high contact intensity with its users; that is, the service provider has active interactions with the public, specifically students. In conditions like this, the marketing activities of an educational service cannot be separated from the moral issues: everything offered in such contexts has always been related to the moral context (Florescu and Malcomete, 2003). In addition, educational services also show the presence of the service marketing triangle phenomenon. For example, in external marketing activities, tertiary educational institutions do promotions through promotional equipment such as brochures and websites. The promotional equipment is a primary source of information in the early stage of a consumer’s searching for information (Harket, et al., 2001). Others mean include media releases or press commentaries and the official website (Maringe, 2006).

MBA programs have been widely and popularly offered in many tertiary education industries. However, criticisms of the programs have been received in regard to the presence of weak ethical conduct and values received by students (Mintzberg, 2004). It has been found that a business school can increase the success rate of a business entity if the academic environment supports a strong ethical culture, either in the teacher or student sphere (Horn and Kennedy, 2008). In effect, these circumstances can certainly influence the behavioral intensity of educational service customers.

This study is an attempt to obtain an explanation of the position of ethical aspects within the service marketing triangle concept, and the influence of ethical aspects on value and customer intention for educational service.

2 Literature review and research model

Interrelationships among the theories and concepts used in this research can be depicted as follows (figure1). Figure 1 shows that the ethical theory has two main streams; namely the universal and the utilitarian. Universality is used to explain the deontological ethical theory; and the utilitarian is used to explain the teleology ethical theory. The deontological ethical theory is related to the universal ethic which prioritizes the responsibility of doing the right thing without considering what the result of the action is. In practice, this deontological ethic is created in the form of an ethical code, or in marketing practice in the form of a direction toward marketing ethics. On the other hand, teleological ethics are concerned with the determination of whether good or the bad practices will significantly influence the level of benefits caused by such actions, and thus has a relationship with customer values. This ethical code in business, developed in the Caux Round Table in 1992 and Velasques (2005) is related to the beneficial aspects of applying the deontological ethic in business.

The deontologist and teleology theories are the foundations in forming the general theory of marketing ethics. In addition, the Theory of Planned Behavior (TPB) from Azjen (1991) explains the general theory of marketing ethics where it is assumed that intention or interest is related with the behavior of service provider (institution).

In regards to moral theory, the ethical theory explains the moral aspect of the promise concept. The promise concept is the part of the service marketing triangle which states that in service marketing the main point is making, enabling, and keeping a promise. Therefore, the ethical aspect may play an important role in the service marketing practice. In this relationship, the act of promising which implements the ethical aspect is suspected to influence customer value. This observation is also associated with motivational theory based on the needs hierarchy of Maslow and the needs
the theory of McClelland, along with the human basic emotional theory from James and Lange, with the last theory, among others, serving as the basis for the consumption value five theory.

Figure 1 Relationships between Theories in the Research

Source: own research

Related to the emotional theory, the cognitive theory of emotion postulates that cognitive evaluation is influenced by emotion and this condition will then influence customer behavioral intention. An enjoyable emotion will cause a positive behavioral intention, while an unpleasant emotion will cause a negative behavioral intention. Consequently, the field or research area that needs to be clarified concerns what the influence of the ethical aspect is within the context of the service marketing triangle and its effect regarding value and customer behavioural intention.

After doing an exploratory study and exploratory factor analysis, the research model is outlined as follows.
3 Material and methods

The research involves two types of study, namely the exploratory study and the primary study. The purpose of the exploratory study is to obtain an understanding of the phenomena that occurs, and of the indicators used to measure the variables which are appropriate for the research object. The primary study is done by a survey method in order to test the hypotheses built for this research.

The exploratory study carried out consists of four stages: preparing the background of the research, conducting in-depth interview and Focus Group Discussion, processing field data, and data text analysis. All of the stages were carried out between February and May 2009. The preparatory stage included the identification of the Management Master’s Degree Program publication material to determine the type of information used in the publication and promotional material, the identification of the potential respondents, contact with potential respondents, and determination of the timeline for distributing open questionnaires. Following this focus group discussions and in-depth interview sessions were conducted.

The primary study used the MBA as the object of the research. The selected MBA Programs were those with good reputations in five cities, with a sample of university students who were employees as well as those who had already completed over 50% of their MBA program. The instrument was a questionnaire followed by data analysis using using a descriptive statistic and Structural Equation Modeling (Wijanto, 2008). 16 hypotheses were developed with all of these hypotheses attempting to explore the ethical aspects of the service marketing triangle. In the “making promises” context we explored the ethical aspects of honesty and clarity in the “enabling promises context” where commitment was considered as the ethical aspect, and in the “keeping promises context”, service encounter and ethics implementation were explored. In the customer value variable five constructs were developed; being functional value, economic value, emotional value, social value and psychological value. Behavioral intention in this research was taken to be shown through positive word of mouth, especially in the education services context.
4 Results and discussion

The data was obtained from 329 students with a response level of 78.2%. In this research, two stages of testing the structural model were done. Model re-specifications needed to be done to verify measurements that were unsatisfactory, which were the p-value, RMR, and Critical N. After the re-specification was done (Wijanto, 2008), the goodness of fit statistic condition showed an improvement in several parameters as shown in table 1 below.

| Table 1 Results of Validity Testing of All Models after Re-specification |
|-----------------------------------------------|-----------------|------------------|
| Name of Test                                  | Condition       | Value             |
| 1 Statistic Chi Square ($\chi^2$)             | Small           | 0.000             |
|                                               | p-value $\geq$ 0.05 |                  |
| 2 Normed Chi square (CMIN/DF)                 | $\leq$ 3.00     | 2.3              |
| 3 Goodness of Fit Index                       | $\geq$ 0.90     | 0.80 (marginal fit) |
| 4 Root Mean Square Residual (RMR)             | $<$ 0.05        | 0.058             |
| 5 Root Mean Square Error of Approximation (RMSEA) | $<$ 0.05        | 0.064             |
| 6 Expected Cross Validation Index (ECVI)      | Small, approaches saturated model | 5.44, ECVI for Saturated Model = 4.76; ECVI for Independence Model = 186.19; approaches saturated model |
| 7 Tucker Lewis Index (TLI) or Non-Normed Fit Index (NNFI) | $\geq$ 0.90     | 0.98              |
| 8 Normed Fit Index (NFI)                      | $\geq$ 0.90     | 0.97              |
| 9 Adjusted Goodness of Fit Index (AGFI)       | $\geq$ 0.90     | 0.78              |
| 10 Relative Fit Index (RFI)                   | $\geq$ 0.90     | 0.97              |
| 11 Incremental Fit Index (IFI)                | $\geq$ 0.90     | 0.99              |
| 12 Comparative Fit Index (CFI)                | $\geq$ 0.90     | 0.99              |
| 13 Aikake Information Criterion (AIC) Model   | Small approaches the saturated model | 17845 AIC Saturated= 1560.00, AIC Independence= 61069.84; approaches the saturated model |
| 14 Consistent Aikake Information Criterion (CAIC) Model | Positive small approaches the saturated model | 2264.74 CAIC Saturated = 5300.93, CAIC Independence = 61256.88; approaches the saturated model |
| 15 Critical N                                 | $\geq$ 200      | 161.51, increasingly approaches 200 |

Source: Processed primary data

The goodness of fit indicates a marginal fit and all statistical measurements except Critical N and RMR are at the good fit level. Hypothesis testing is set with a significance level of 0.10 or 10% with a t-value of $\geq$ 1.67 (Wijanto, 2008). There is an estimated result value for the tested causal
relationships, and the hypothesis testing result with each related t-value can be seen in table 2 below.

**Table 2 Results of Hypothesis Testing**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Structural Path</th>
<th>Coef.</th>
<th>t-values</th>
<th>Explanation</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>KJR ➔ KOM</td>
<td>0.19</td>
<td>3.42</td>
<td>Data supports the hypothesis</td>
<td>Honesty which is shown when making promises has a positive influence towards program commitment.</td>
</tr>
<tr>
<td>H1b</td>
<td>KJL ➔ KOM</td>
<td>0.76</td>
<td>10.65</td>
<td>Data supports hypothesis</td>
<td>Clarification in the context of making promises has a positive influence towards program commitment.</td>
</tr>
<tr>
<td>H2</td>
<td>KJL ➔ ET</td>
<td>0.92</td>
<td>13.32</td>
<td>Data supports hypothesis</td>
<td>Clarification in the making of promises has a positive influence towards ethics implementation.</td>
</tr>
<tr>
<td>H3</td>
<td>KOM ➔ SE</td>
<td>0.62</td>
<td>10.29</td>
<td>Data supports hypothesis</td>
<td>Program commitment in the context of enabling promises has a positive influence service encounter.</td>
</tr>
<tr>
<td>H4a</td>
<td>SE ➔ NF</td>
<td>0.34</td>
<td>7.58</td>
<td>Data supports hypothesis</td>
<td>Service encounter in the context of keeping promises has a positive influence towards functional value.</td>
</tr>
<tr>
<td>H4b</td>
<td>ET ➔ NF</td>
<td>0.60</td>
<td>10.45</td>
<td>Data supports hypothesis</td>
<td>Ethics implementation in the context of keeping promises has a positive influence towards functional value.</td>
</tr>
<tr>
<td>H4c</td>
<td>NF ➔ NE</td>
<td>0.89</td>
<td>17.20</td>
<td>Data supports hypothesis</td>
<td>Functional value has a positive influence towards economic value.</td>
</tr>
<tr>
<td>H4d</td>
<td>SE ➔ NEM</td>
<td>0.10</td>
<td>2.23</td>
<td>Data supports hypothesis</td>
<td>Service encounter in the context of keeping promises has a positive influence towards emotional value.</td>
</tr>
<tr>
<td>H4e</td>
<td>ET ➔ NEM</td>
<td>0.78</td>
<td>12.06</td>
<td>Data supports hypothesis</td>
<td>Ethics implementation in the context of keeping promises has a positive influence towards emotional value.</td>
</tr>
<tr>
<td>H4f</td>
<td>NE ➔ NSOS</td>
<td>0.51</td>
<td>5.95</td>
<td>Data supports hypothesis</td>
<td>Ethics implementation in the context of keeping promises has a positive influence towards social value.</td>
</tr>
<tr>
<td>H4g</td>
<td>ET ➔ NSOS</td>
<td>0.49</td>
<td>5.86</td>
<td>Data supports hypothesis</td>
<td>Ethics implementation has a positive influence towards social value.</td>
</tr>
<tr>
<td>H4h</td>
<td>ET ➔ NPSI</td>
<td>0.31</td>
<td>3.85</td>
<td>Data supports hypothesis</td>
<td>Ethics implementation in the context has a positive influence towards psychological value.</td>
</tr>
<tr>
<td>H4i</td>
<td>NF ➔ NPSI</td>
<td>0.54</td>
<td>6.19</td>
<td>Data supports hypothesis</td>
<td>Functional value has a positive influence towards psychological values.</td>
</tr>
<tr>
<td>H5a</td>
<td>NEM ➔ PWOM</td>
<td>0.30</td>
<td>4.11</td>
<td>Data supports hypothesis</td>
<td>Emotional value has a positive influence towards WOM.</td>
</tr>
<tr>
<td>H5b</td>
<td>NSOS ➔ PWOM</td>
<td>0.33</td>
<td>3.54</td>
<td>Data supports hypothesis</td>
<td>Social value has a positive influence towards WOM.</td>
</tr>
<tr>
<td>H5c</td>
<td>NPSI ➔ PWOM</td>
<td>0.23</td>
<td>3.25</td>
<td>Data supports hypothesis</td>
<td>Psychological value has a positive influence towards WOM.</td>
</tr>
</tbody>
</table>

Source: Processed primary data
Notes: Coef. = structural coefficient, KJR = Honesty, KJL = Clarification, KOM = Program Commitment, SE = Service Encounter, ET = Ethics, NF = Functional Value, NE = Economic Value, NEM = Emotional Value, NSOS = Social Value, NPSI = Psychological Value, PWOM = Positive Word of Mouth.
The test results of Hypothesis 1a reveal that honesty has a positive significant influence towards program commitment. This research result confirms the study of Meyer and Allen (1997), which found that there is a relationship between employee commitment and their honesty. Other research done by Alger and Renault (2007) revealed that the effective level of commitment depends on the conditions or values present in the organization, like honesty and sportsmanship. At the organizational honesty, value shown to have an influence on commitment. The test results of Hypothesis 1b shows that educational service customer perception towards clarification of a certain kind of information by a program has significantly influenced students’ perceptions toward program’s commitment. Referring to the concept of service guarantee strength, where the guarantee contains a promise, the communication that is made must be clear, easy to understand, communicative, and easy to remember (Hart, et al. 1988; Hill, 1995; Hill and Hays, 2006). In this research, the test results of Hypothesis 2 show that clarity of information in the context of making promises has a positive significant influence towards the students’ values of ethics implementation. This condition supports the research by Curran and Rossen (2006) that student valuing towards an educational implementation is influenced by the physical environment where they study, the program, and lectures. It also complies with the concept of service guarantee strength; which explains that a promise can play an important role as a guarantee for customers, therefore providing that the communication that is made must be clear, easy to understand, communicative, and easy to remember (Hart, et al. 1988; Hill, 1995; Hill and Hays, 2006).

The result of test Hypothesis 3a shows support for the previous study which found that the service providing organization which gives a strong service guarantee to customers will motivate its employees to give a service level which has been communicated or promised to customers (Cahill and Warshawky, 1995 in Hill and Hays, 2006). In addition, the empirical test in this research also supports the concept that commitment is very important to providing service quality to customers (Mowday, Steers and Porter, 1979).

The test results of Hypothesis 4a reveals that service encounter has a significant positive influence on the functional value of customer. This supports the argument that business schools should seriously consider good management curricula in their business education courses, so that they can provide the learning of skills and knowledge required by students (Bennis and O Toole, 2005; Ghosal, 2005; Khurana, 2007; Mintzberg, 2004). This is also in line with the finding that business school students preferred an active and practical learning process (Nulty and Barret, 1996), which then has an influence on learning outcomes (Young, Klemz and Murphy, 2003). Related to this, practical learning should be provided to students to understand real work situations. The results of this research also show that the implementation of ethics has significantly influenced functional value and social value (H4b and H4g). The meaning of social value here refers to how students after joining a lecture can choose a better networking and social status than before. The finding also reveals that ethics implementation has a role in attaining a functional value for MBA students. Regarding this relationship, as an example, the ethics implemented by the lecturer including providing an opportunity for students to express opinions, is viewed as an effort to accomodate student rights. The rights mentioned are, more specifically, the rights to express ideas and opinions related to the study process (Mears, 2007). Consequently, this situation will lead to the achievement of the expected learning outcomes. This notion supports the research finding that showed that the learning outcome is related to a supportive type of class behavior (Devadoss and Foltz, 1996; Romer, 1993). Moreover, the attention level of the lecturer also influences the learning outcome (Brokaw and Merz, 2000).

In addition, the hypothesis test results also reveal that ethics implementation has significantly influence on emotional value (H4e). The underlying argument is that the psychological dimension
of the feeling of comfort occurs in the presence of support for the mental condition, a feeling of safety, a guarantee, and regularity (Scitovsky, 1992). This happens when the interaction between students and service providers takes place (Dunn, 1977; Fordham, 2000).

The test of H4c has been supported by the data—where functional value has a positive influence on economic value. This condition is related to the learning outcomes of the MBA program. It can be explained by the observation that the learning outcome in the form of providing students with managerial skills has been proven to lead to an increase in compensation and career advances (Mihail and Elefterie, 2006). The test results also show there is a positive influence between the economic value received and the social value (H4f). In relation to hypotheses H4f, work productivity is a factor that influence student social values like ease in family socialization and establishing greater networking. This coincides with the student perspective about perceived rate of return or future earnings, in the context of occupation and expectations to obtain monetary advantages after graduating (Hung, Chung and Ho, 2000; Menon, 1997; Psacharopoulos and Sanyal, 1981; William and Gordon, 1981; Wong, 1989; Menon, 2008). The monetary advantage may be in the form of wages (Stevenson, 1978; Stephenson, 1981; Meyer and Wise, 1982; Coleman, 1984, Rhum, 1995; Light, 1999; Kingston and Smart, 1990; Monks, 2000). In addition, the increased economic status is also predicted to increase the person’s social status. This coincides with confirmed by the concept that societal social structure is influenced by prosperity, income, education, and kind of occupation (Warner, Meeker and Eells, 1949; Thompson and Hickey, 2005).

Further, the hypothesis test results shows that emotional value has an influence to positive WOM (H5a). Related to the concept of the mood congruence effect, mood is influenced by what is remembered or recalled. A positive mood will have a positive influence towards remembering and being informed a positive information (Baron, Branscombe and Byrne, 2008). The result of the test for H5b, revealed that social value has a positive influence towards positive WOM, and psychological value has a positive influence towards WOM (H5c). By way of explanation, the cognitive theory of emotion which was devised by Richard Lazarus (1991) argued that the cognitive disconfirmation process of customer interaction with service providers and service environment will cause an emotional response or perception. Related to this, a study of Bloemer and de Ruyter’s (1999) found that a positive emotion has a positive relationship with satisfaction and loyalty. Therefore, satisfaction or a positive emotion can result in behavioral intention like positive word of mouth and return to service consumption (Matilla and Andreu, 2008).

5 Conclusions and recommendations for further research

This research explains that the ethics of promise is an integral part of service marketing activities and reinforces the concept that a promise is an element of service marketing (Bitner, 1995). This depicts how important the ethics position is in marketing and how important it is in influencing behavior in fulfilling promises. Ethics in promising can become an indicator of the way the provider commits in fulfilling the promise. In a more general setting, the organization is a social actor which is responsible for the ethical and non-ethical attitude of its employees or organizational members (Kennedy and Lawton, 1993). Therefore this research has contributed to explaining the interrelationship between commitment, service encounter, and the code of ethical conduct.

Further, ethics in the context of high tertiary educational resources can be viewed as an intangible resource which has a role in building a program’s image or reputation and in developing an MBA’s program competitiveness. Therefore, management needs to continually emphasize the effort of improving the ethics implementation of its service.
The implication for managerial practice, in particular educational service management, is that ethics may have consequences for customer value and may increase their intention to engage in positive WOM. This positive WOM is a resource of institutional reputation, which leads to organizational competitiveness. Reputation also results from the consumer satisfaction experience with company products along with the combination of company attributes that are obtained from the activity (Suta, 2005).

Further research may emphasize an attempt to further refine the construct of ethics in the service marketing triangle, specifically in the area of Enabling Promises. This suggestion arises as a result of the SEM analysis which showed a marginal fit for this construct; where a large measurement error occurred in the commitment variable, which will require re-specification in the structural model. Secondly, this research was only carried out in MBA Programs with good reputation and accreditation levels of A and B. The results show that ethical practice may be a significant factor in programs over a range of levels. Therefore it is challenging to explore how the condition operates when the research is performed at various accreditation levels of MBA Programs.

This research was only based on customer perceptions, and does not explain the interactions between ethical judgment and in the MBA program management, and the perception about ethics of educational service customers. Thus, further research can be conducted which considers the interaction between ethical judgment and customer perceptions, including the cultural dimension from the side of educational service customers.

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