



The Influence of Price, Customer Satisfaction, And Service Quality on Community Welfare Is Mediated by an Increase in Community Income (Case Study of Clean Water Drilled Wells in Jirekan Hamlet, Sukodadi – Lamongan District) Partial Least Square Method And Structural Equation Modelling (PLS – SEM)

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| Article Info | ABSTRACT |
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Keywords:
Financial Analysis, Financial Reports, Profit Planning.

The purpose of this study is to test and analyze the influence of price, customer satisfaction, and service quality on the increase in community income, as well as to test and analyze the influence of increasing community income on community welfare case study of clean water drilled wells in Jirekan Hamlet, Sukodadi – Lamongan District. In this study, 115 samples were used from the population of borehole clean water customers in Jirekan Hamlet, Balungkawun Village, Sukodadi District, Lamongan Regency. The method of collecting data is by means of interviews and distributing questionnaires to customers who buy clean water. Data analysis using the outer model consisted of validity tests and reliability tests, the inner models consisted of R-square, Path Coeficien, T-Statistic, Predictive Relavance, Model Fit, and as well as mediation tests and hypothesis tests. The results of the study show that prices have a positive but not significant effect on the variables of community welfare. Price variables have a positive and significant influence on the variable of increasing people's income. Customer satisfaction variables have a negative and significant influence on community welfare variables. The customer satisfaction variable has a negative and insignificant effect on the increase in people's income. The variable of service quality has a positive and significant influence on the variable of community welfare. The variable of service quality has a positive and significant influence on the variable of increasing public income. And the increase in community income has a positive and significant influence on the variables of community welfare

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INTRODUCTION

Indonesia is an archipelagic country united by an ocean area with an area of 8 million km², a territorial area of 5.8 million km² or equal to 2/3 of Indonesia's territory, consisting of an Exclusive Economic Zone (EEZ) of 2.7 million km² and a territorial sea area of 3.1 million km². The area of Indonesian waters has been recognized as an Archipelago Insight by the United

Nations Convention of the Sea (UNCLOS, 1982). With the vast sea area that exists, Indonesia has enormous marine and fisheries potential.

Currently, the issue of clean water supply is a special concern for developed and developing countries. Indonesia, like other developing countries, is not spared from the problem of providing clean water for its people. One of the main problems faced is the lack of availability of clean water sources, the uneven provision of clean water services, especially in rural areas, and existing clean water sources have not been utilized optimally.

Lamongan Regency is an area where underground water sources are difficult to find. Often the areas that have been drilled do not find water sources that are suitable for drinking water needs because they feel brackish and even taste salty even to a depth of more than 100 m. However, if it is found, groundwater only ranges from 2 – 6 l/second. The quality and quantity of clean water services to existing consumers are also inadequate, characterized by not all service areas receiving clean water supply that operates 24 hours a day and the quality of water that reaches consumers is sometimes murky.

The purpose of this study is to test and analyze the influence of Price, Customer Satisfaction, and Service Quality on Community Welfare Mediated by Increased Community Income A case study of clean water drilled wells in Jirekan Hamlet, Sukodadi – Lamongan District Based on the references of several previous studies that have been conducted, the author is very interested in writing and researching entitled "The Influence of Price, Customer Satisfaction, and Service Quality on Community Welfare Mediated by Increasing Community Income (Case Study of Clean Water Drilled Wells in Jirekan Hamlet, Sukodadi – Lamongan District) Partial Least Square Method and Structural Equation Modelling (PLS - SEM)".

RESEARCH METHODS

This research method uses a quantitative method. The population used is 160 sellers of clean water from drilled wells in Balungkawun Village, Sukodadi District, Lamongan Regency. This study uses accidental sampling techniques to collect data by means of interviews and distribution of questionnaires to customers who buy clean water. Data analysis using the outer model consisted of validity tests and reliability tests, the inner models consisted of R-square, Path Coeficien, T-Statistic, Predictive Relavance, Model Fit, and as well as mediation tests and hypothesis tests.

RESULTS AND DISCUSSION

Measurement Model (Outer Model)

Validity Test

Covergent Validity

Table 5.9 Outer Loding

| Indikator | Harga (X1) | Kepuasan Pelanggan (X2) | Kesejahteraan Masyarakat (Z) | Kualitas Pelayanan (X3) | Peningkatan Pendapatan Masyarakat (Y) |
|-----------|------------|-------------------------|------------------------------|-------------------------|---------------------------------------|
| X1.1 | 0.959 | | | | |
| X1.2 | 0.907 | | | | |
| X1.3 | 0.937 | | | | |

| Indikator | Harga (X1) | Kepuasan Pelanggan (X2) | Kesejahteraan Masyarakat (Z) | Kualitas Pelayanan (X3) | Peningkatan Pendapatan Masyarakat (Y) |
|-----------|--------------|-------------------------|------------------------------|-------------------------|---------------------------------------|
| X1.4 | 0.911 | | | | |
| X2.1 | | 0.847 | | | |
| X2.2 | | 0.823 | | | |
| X2.3 | | 0.899 | | | |
| X2.4 | | 0.769 | | | |
| X2.5 | | 0.845 | | | |
| X3.1 | | | | 0.859 | |
| X3.2 | | | | 0.839 | |
| X3.3 | | | | 0.844 | |
| X3.4 | | | | 0.844 | |
| X3.5 | | | | 0.801 | |
| Y1.1 | | | | | 0.919 |
| Y1.2 | | | | | 0.916 |
| Y1.3 | | | | | 0.828 |
| Z1.1 | | | 0.876 | | |
| Z1.2 | | | 0.948 | | |
| Z1.3 | | | 0.924 | | |
| Z1.4 | | | 0.878 | | |

Sumber: Data Hasil SEM PLS 3.3.7 (2022).

Discriminatory Validity

Table 5.10 Cross Loading

| Indikator | Harga (X1) | Kepuasan Pelanggan (X2) | Kesejahteraan Masyarakat (Z) | Kualitas Pelayanan (X3) | Peningkatan Pendapatan Masyarakat (Y) |
|-----------|--------------|-------------------------|------------------------------|-------------------------|---------------------------------------|
| X1.1 | 0.959 | 0.777 | 0.559 | 0.585 | 0.710 |
| X1.2 | 0.907 | 0.768 | 0.573 | 0.597 | 0.724 |
| X1.3 | 0.937 | 0.702 | 0.562 | 0.566 | 0.679 |
| X1.4 | 0.911 | 0.732 | 0.579 | 0.528 | 0.657 |
| X2.1 | 0.746 | 0.847 | 0.481 | 0.607 | 0.686 |
| X2.2 | 0.664 | 0.823 | 0.329 | 0.575 | 0.583 |
| X2.3 | 0.699 | 0.899 | 0.416 | 0.604 | 0.576 |
| X2.4 | 0.636 | 0.769 | 0.406 | 0.653 | 0.579 |
| X2.5 | 0.604 | 0.845 | 0.488 | 0.705 | 0.604 |
| X3.1 | 0.479 | 0.664 | 0.463 | 0.859 | 0.624 |
| X3.2 | 0.548 | 0.690 | 0.616 | 0.839 | 0.622 |
| X3.3 | 0.531 | 0.654 | 0.491 | 0.844 | 0.657 |
| X3.4 | 0.490 | 0.596 | 0.487 | 0.844 | 0.638 |
| X3.5 | 0.513 | 0.552 | 0.579 | 0.801 | 0.719 |
| Y1.1 | 0.691 | 0.727 | 0.700 | 0.761 | 0.919 |
| Y1.2 | 0.723 | 0.678 | 0.708 | 0.732 | 0.916 |
| Y1.3 | 0.560 | 0.513 | 0.560 | 0.573 | 0.828 |
| Z1.1 | 0.488 | 0.436 | 0.876 | 0.586 | 0.587 |
| Z1.2 | 0.582 | 0.490 | 0.948 | 0.613 | 0.708 |

| | | | | | |
|------|-------|-------|--------------|-------|-------|
| Z1.3 | 0.608 | 0.500 | 0.924 | 0.600 | 0.737 |
| Z1.4 | 0.533 | 0.424 | 0.878 | 0.499 | 0.654 |

Sumber: Data Hasil SEM-PLS 3.3.7 (2022).

Composite Reliability

Cronbach's Alpha

Table 5.11 Composite Reliability dan Cronbach's Alpha

| | Cronbach's Alpha | Composite Reliability | Average Variance Extracted (AVE) |
|----------------------------------|------------------|-----------------------|----------------------------------|
| PRICE (X1) | 0.947 | 0.962 | 0.863 |
| CUSTOMER SATISFACTION (X2) | 0.893 | 0.921 | 0.701 |
| COMMUNITY WELFARE (Z) | 0.928 | 0.949 | 0.823 |
| SERVICE QUALITY (X3) | 0.894 | 0.922 | 0.702 |
| INCREASE IN COMMUNITY INCOME (Y) | 0.867 | 0.918 | 0.79 |

Source: SEM-PLS 3.3.7 (2022) Results Data

Model struktural (Inner model)

R-Square

Table 5.12. R-Square

| | R Square | R Square Adjusted |
|----------------------------------|----------|-------------------|
| COMMUNITY WELFARE (Z) | 0.595 | 0.580 |
| INCREASE IN COMMUNITY INCOME (Y) | 0.725 | 0.717 |

Source: SEM-PLS 3.3.7 (2022) Results Data

Mediation Test

Table 5.13. Path Coefisien

| Hubungan Antar Variabel | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics ((O/STDEV)) | P Values |
|--|---------------------|-----------------|----------------------------|--------------------------|----------|
| Harga (X1) → Kesejahteraan Masyarakat (Z) | 0.308 | 0.305 | 0.174 | 1.767 | 0.078 |
| Harga (X1) → Peningkatan Pendapatan Masyarakat (Y) | 0.442 | 0.420 | 0.134 | 3.289 | 0.001 |
| Kepuasan Pelanggan (X2) → Kesejahteraan Masyarakat (Z) | -0.338 | -0.339 | 0.125 | 2.699 | 0.007 |

| Hubungan Antar Variabel | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
|--|--|------------------|----------------------------|--------------------------|------------------|
| Kepuasan Pelanggan (X2) → Peningkatan Pendapatan Masyarakat (Y) | -0.026 | 0.000 | 0.149 | 0.173 | 0.863 |
| Kualitas Pelayanan (X3) → Kesejahteraan Masyarakat (Z) | 0.272 | 0.271 | 0.124 | 2.190 | 0.029 |
| Kualitas Pelayanan (X3) → Peningkatan Pendapatan Masyarakat (Y) | 0.530 | 0.529 | 0.102 | 5.182 | 0.000 |
| Kesejahteraan Masyarakat (Z) → Peningkatan Pendapatan Masyarakat (Y) | 0.547 | 0.556 | 0.156 | 3.516 | 0.000 |
| Peningkatan Pendapatan Masyarakat (Y) → Kesejahteraan Masyarakat (Z) | (nilai tidak terlihat pada gambar yang diunggah) | (tidak terlihat) | (tidak terlihat) | (tidak terlihat) | (tidak terlihat) |

Table 5.14 Specific Indirect Effects

| Hubungan Antar Variabel | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
|--|---------------------|-----------------|----------------------------|--------------------------|----------|
| Harga (X1) → Peningkatan Pendapatan Masyarakat (Y) → Kesejahteraan Masyarakat (Z) | 0.242 | 0.231 | 0.100 | 2.417 | 0.016 |
| Kepuasan Pelanggan (X2) → Peningkatan Pendapatan Masyarakat (Y) → Kesejahteraan Masyarakat (Z) | -0.014 | 0.003 | 0.089 | 0.158 | 0.875 |
| Kualitas Pelayanan (X3) → Peningkatan Pendapatan Masyarakat (Y) → Kesejahteraan Masyarakat (Z) | 0.290 | 0.293 | 0.098 | 2.949 | 0.003 |

Source: SEM-PLS 3.3.7 (2022) Results Data

Hypothesis Testing

Table 5.15 Path Coefisien

| Hubungan Antar Variabel | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
|--|---------------------|-----------------|----------------------------|--------------------------|----------|
| Harga (X1) → Kesejahteraan Masyarakat (Z) | 0.308 | 0.305 | 0.174 | 1.767 | 0.078 |
| Harga (X1) → Peningkatan Pendapatan Masyarakat (Y) | 0.442 | 0.420 | 0.134 | 3.289 | 0.001 |
| Kepuasan Pelanggan (X2) → Kesejahteraan Masyarakat (Z) | -0.338 | -0.339 | 0.125 | 2.699 | 0.007 |
| Kepuasan Pelanggan (X2) → Peningkatan Pendapatan Masyarakat (Y) | -0.026 | 0.000 | 0.149 | 0.173 | 0.863 |
| KUALITAS PELAYANAN (X3) → KESEJAHTERAAN MASYARAKAT (Z) | 0.272 | 0.271 | 0.124 | 2.190 | 0.029 |
| KUALITAS PELAYANAN (X3) → PENINGKATAN PENDAPATAN MASYARAKAT (Y) | 0.530 | 0.529 | 0.102 | 5.182 | 0.000 |
| PENINGKATAN PENDAPATAN MASYARAKAT (Y) → KESEJAHTERAAN MASYARAKAT (Z) | 0.547 | 0.556 | 0.156 | 3.516 | 0.000 |

CONCLUSION

1. The influence of price variables on people's welfare, this can be proven by the Original Sample value (Coefficient) of 0.308 > 0.000 with T-statistics > T-table (1.767 > 1.661) and P-value 0.078 > 0.05, then H0 is accepted and H1 is rejected, so it can be concluded that the Price variable has a positive but not significant effect on the social welfare variable.
2. The influence of price variables on the increase in people's income, this can be proven by the Original Sample value (Coefficient) of 0.442 > 0.000 with T-statistics > T-table (3,289 > 1,661) and P-value 0.001 < 0.05, then H0 is rejected and H1 is accepted, So it can be concluded that the Price variable has a positive and significant effect on the variable of increasing people's income.
3. The influence of customer satisfaction variables on community welfare variables, this can be proven by the Original Sample value (Coefficient) of -0.338 < 0.000 with T-statistics > T-table (2,699 > 1,661) and P-value 0.007 < 0.05, then H0 is rejected and H1 is accepted, So it can be concluded that the customer satisfaction variable has a negative and significant effect on the social welfare variable.
4. The influence of the customer satisfaction variable on the increase in public income, this can be evidenced by the Original Sample value (Coefficient) of -0.026 < 0.000 with T-statistics > T-table (0.173 < 1.661) and P-value 0.863 > 0.05, then H0 is accepted and

H1 is rejected, so it can be concluded that the customer satisfaction variable has a negative and insignificant effect on increasing public income.

5. The influence of service quality variables on community welfare variables, this can be evidenced by the Original Sample value (Coefficient) of $0.272 > 0.000$ with T-statistics $>$ T-table ($2,190 > 1,661$) and P-value $0.029 < 0.05$, then H0 is rejected and H1 is accepted, so it can be concluded that the service quality variable has a positive and significant effect on the community welfare variable.
6. The influence of service quality variables on the variable of increasing community income, this can be proven by the Original Sample value (Coefficient) of $0.530 > 0.000$ with T-statistics $>$ T-table ($5,182 > 1,661$) and P-value $0.000 < 0.05$, then H0 is rejected and H1 is accepted, So it can be concluded that the service quality variable has a positive and significant effect on the variable of income increase community.
7. The influence between the variable of income increase on the social welfare variable, this can be evidenced by the Original Sample value (Coefficient) of $0.547 > 0.000$ with T-statistics $>$ T-table ($3,516 > 1,661$) and P-value $0.000 < 0.05$, then H0 is rejected and H1 is accepted, meaning that the variable of increasing community income has a positive and significant effect on the variables of community welfare.

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