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The Influence of Word of Mouth and Perceived Value on Parents' Decisions to Choose Kids Republic Jakarta School

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ABSTRACT

This study aims to analyze the influence of Word of Mouth (WoM) and perceived value on parents' decisions to enroll their children at Sekolah Kids Republic Jakarta, an early childhood education institution (PAUD) located in Jakarta. The population for this study comprised 204 parents of students currently enrolled at Sekolah Kids Republic Jakarta. A sample of 68 parents was selected using a sampling technique with a 10% margin of error. The analysis used the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique. The study yielded the following findings: (1) Perceived value has a significant and dominant influence on parents' decisions in choosing Sekolah Kids Republic Jakarta; (2) Word of Mouth (WoM) has a relatively weak and statistically insignificant influence on these decisions; and (3) The combined effect of WoM and perceived value moderately explains the variance in parents' decisions, supporting the hypothesis that both variables together significantly influence decision-making, with perceived value playing a more dominant role.

Keywords: Consumer Behavior, Educational Marketing, Parental Decision-Making, Early Childhood Education, Perceived Value, Structural Equation Modeling

INTRODUCTION

The competitiveness of Indonesia's business and economy has consistently shown rapid growth year after year. According to a press release from the Central Statistics Agency of Indonesia for the period 2019-2020, the Indonesian Business Tendency Index (ITB) increased to 102.9 points in the first quarter of 2020, compared to 101.58 points in the first quarter of 2019. In the fourth quarter of 2019, the ITB indicated growth in business conditions, although business actors' optimism was slightly lower than in the previous quarter (ITB in the third quarter of 2019 was 105.33). Nevertheless, business conditions in the first quarter of 2020 continued to improve, surpassing the ITB level recorded in the first quarter of 2019. This data is illustrated in Figure 1.1, which presents a graph comparing the Business Tendency Index and the Consumer Tendency Index for the fourth quarter of 2019.

Sumber: *https://www.bps.go.id/id/pressrelease/2020/02/05/1753/indeks-tendensi-bisnis-dan-indeks-tendensi-konsumen-triwulan-iv-2019-dan-triwulan-i-2020.html*
Figure 1. The growth in Indonesia's economic and business competitiveness

The growth in Indonesia's economic and business competitiveness is closely tied to the continuous development of technology as a key enabler. According to the Indonesian Internet Service Providers Association (APJII), the number of

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internet users in Indonesia is projected to reach 221,563,479 in 2024, out of a total population of 278,696,200 in 2023. The 2024 Indonesian internet penetration survey by APJII revealed that internet penetration has reached 79.5%, marking a 1.4% increase from the previous period. This consistent upward trend in internet penetration over the past five years underscores the increasing integration of digital technology across various business sectors in Indonesia.

As internet penetration rises, businesses in Indonesia are becoming more digitally integrated. This integration not only accelerates business processes but also expands market reach and enhances operational efficiency. Consequently, a more competitive and dynamic business ecosystem is emerging, where innovation is crucial for survival and growth. Businesses in Indonesia are now more open to incorporating technology into their strategies, from digital marketing to technology-driven supply chain management.

The rapid advancements in business and technology necessitate that all business actors, including non-profit educational institutions, develop effective marketing strategies to remain competitive. These strategies involve identifying relevant markets, precise market segmentation, and competitive analysis to establish strategic positioning (Mongay, 2012). As education is a fundamental aspect of life, educational institutions must adopt appropriate marketing approaches to attract public interest. Leveraging digital technology can enhance the visibility and impact of marketing campaigns, as well as enable data collection and analysis to understand prospective students' behavior and evaluate campaign effectiveness. This strategic approach will help educational institutions build a strong reputation and credibility, enabling them to grow and contribute to improving the quality of life (Respati et al., 2023).

Early Childhood Education Institutions (PAUD) fall within the category of non-profit educational organizations that must adapt to these evolving trends. With the widespread and rapid dissemination of information, and the emergence of millennial and Generation Z parents, there is an increasing demand for enhanced early childhood education facilities and communication media tailored to the current generation (Wahyuni & Novianti, 2022; Waluyo & Formen, 2015). This new generation of parents has higher expectations for their children's education, seeking a more modern and interactive approach that can optimally support their children's learning.

As noted by Ariyanti (2016), the growing demands placed on early childhood education institutions reflect an increasing awareness among parents of the importance of providing appropriate stimulation for their children from an early age. Such stimulation is crucial for fostering the development of children's various potentials. However, despite the strong interest and urgent need from the community, professional marketing management within PAUD institutions often remains inadequate (Yuniarti & Wulandari, 2023). This indicates that PAUD institutions need to enhance their marketing approaches to meet rising demand and ensure they can deliver high-quality educational services for young children.

Improving the marketing strategies of PAUD institutions can be achieved through various methods, one of which is leveraging Word of Mouth (WOM). WOM has been shown to influence consumer decisions, as demonstrated by Wiguna et al. (2024), particularly in the context of parents' school selection for their children. Similarly, Setiawan (2022) found that WOM plays a significant role in parents' school choice decisions, as illustrated by a case study conducted at MI Terpadu Amaanatul Ummah.

In a related case study, Arda (2017) demonstrated that Word of Mouth (WoM) partially influences students' decisions to study at Universitas Muhammadiyah Sumatera Utara (UMSU). This study examined the effects of promotion and WoM on students' university selection decisions at UMSU. Similarly, a case study at Universitas Islam Sumatera Utara (UISU) conducted by Harahap et al. (2018) analyzed the impact of WoM on students' decisions to study at the Faculty of Economics. The findings indicated that information shared through WoM significantly influences students' choices when selecting a university.

In the context of elementary schools, Hanum et al. (2020) conducted a study that explored the impact of WoM and quality of experience on school selection, using perceived value and brand image as mediating factors. With a sample of 102 parents at SD Islam Surya Buana, the study found that while WoM alone did not significantly impact the decision, it became significant when mediated by perceived value. This underscores the crucial role of perceived value in shaping parents' decisions in school selection, in addition to the WoM factor.

The role of perceived value as a mediating variable that enhances the effect of WoM has been validated in several other studies. Munir & Santosa (2023) analyzed factors influencing students' university selection, focusing on the roles of brand image and quality of experience. Both factors became significant when mediated by perceived value. Hasyim & Anindita (2015) similarly demonstrated that the decision to choose a study program is influenced by consumer trust, which is built through perceived value and the service provider's image. Their study confirmed that perceived value effectively mediates

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the influence on students' decisions in selecting a study program.

In contrast, Relyea et al. (2008) found that perceived value, when considered independently rather than as a mediating variable, directly influences students' decisions to participate in international education programs. Their research revealed that students with a higher risk tolerance are more likely to engage in international experiences. Moreover, the perceived career value of study abroad programs strengthens this relationship, making students who perceive significant career benefits more likely to participate despite the associated risks.

Given this context, the current study will analyze the influence of Word of Mouth (WoM) and perceived value on parents' decisions to enroll their children at Sekolah Kids Republic Jakarta. The originality of this study lies in its specific context and the combination of variables examined. While previous studies have explored the influence of WoM and perceived value on consumer decisions across various educational sectors, this study focuses on the early childhood education segment within the urban setting of Jakarta. This context provides fresh insights relevant to early childhood education institutions in large cities, which face unique challenges and market dynamics compared to institutions in other regions or educational levels.

Furthermore, this study employs both partial and simultaneous analysis of WoM and perceived value. This approach enables an understanding not only of the individual effects of WoM and perceived value on parents' decisions but also of how these variables can reinforce each other when combined. As a result, this research not only deepens the understanding of factors influencing parents' school selection decisions but also offers practical implications for early childhood education institutions to develop more effective and evidence-based marketing strategies.

Based on this, this study has three objectives, as follows:
1. Analyze the influence of Word of Mouth on parents' decisions in choosing Kids Republic Jakarta School for their children
2. Analyze the influence of Perceived Value on parents' decisions in choosing Kids Republic Jakarta School for their children
3. Analyze the influence of Word of Mouth with Perceived Value simultaneously on parents' decisions in choosing Kids Republic Jakarta School for their children

Literature Review

Decision Theory

Decision theory is an interdisciplinary field that examines how individuals and groups choose among different courses of action. It encompasses both a normative aspect, which prescribes how decisions should be made to achieve rational outcomes, and a descriptive aspect, which investigates how decisions are actually made in practice. Normative approaches often utilize mathematical models, such as expected utility theory, to identify optimal choices based on the values assigned to various outcomes and the probabilities of their occurrence. Conversely, descriptive approaches explore the psychological and social factors that influence decision-making, including biases and heuristics that can lead to deviations from rationality. This theory is crucial as it offers a framework for understanding and enhancing decision-making across various domains, including business, economics, politics, and daily life (Hansson, 2005).

A decision is generally defined as the outcome of a process in which one selects from among available alternative courses of action. This process typically involves identifying a problem, gathering relevant information, evaluating the available options, and ultimately choosing a specific course of action. Decisions are made to achieve particular goals and usually involve assessing factors such as the risks, benefits, and consequences associated with each alternative. In the context of decision theory, the primary objective is to understand and optimize this process, ensuring that the choices made are rational and efficient (Shahsavarani et al., 2015).

In the realm of education, particularly in school selection, decision-making refers to the process by which parents choose among various educational institutions based on several relevant factors. As explained by Jonathan et al. (2023), these factors—identified through a quantitative descriptive and exploratory approach—include teacher quality, school location, religious values, school facilities, school image, perceived costs, school environment, and safety. Each factor carries varying degrees of importance and contributes to the parents' decision-making process. For example, religious values often play a significant role for parents seeking faith-based schools, while considerations such as affordable costs, strategic location, and a safe school environment are also key factors in their decisions.

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In this study, the focus of decision theory is on the decision-making process involved in choosing, a fundamental aspect of daily activities. This decision-making process is influenced by a combination of factors, including the decision maker's value system, the nature of the problem, long-term goals, available resources, past experiences, and both psychological and group dynamics. Effective decision-making requires a logical and structured approach, often supported by heuristic methods or formal models such as decision trees and probabilistic models, which help to minimize risks and uncertainties.

The process typically involves several key steps:

1. Identifying the Problem: The first step is recognizing and precisely defining the problem by monitoring both the internal and external environments.
2. Generating Alternatives: After identifying the problem, the next step is to generate various alternative solutions. This requires gathering information about each alternative and assessing their potential outcomes.
3. Evaluating Alternatives: The alternatives are then evaluated based on their feasibility, potential satisfaction, and the impact on all parties involved, ensuring that the chosen solution is the most effective in addressing the problem.
4. Selecting the Best Alternative: The selection involves combining the gathered information with judgment and intuition to choose the most appropriate solution.
5. Implementing the Decision: This step includes clear communication, securing buy-in from all stakeholders, allocating sufficient resources, establishing a realistic schedule, and clearly assigning responsibilities.
6. Evaluating the Decision's Effectiveness: Finally, the effectiveness of the decision is evaluated to determine whether the desired outcomes have been achieved. This step is crucial, as decision-making is an ongoing process, and it allows administrators to learn from previous decisions and make necessary improvements.

Decisions can be categorized into various types, such as urgent, one-time decisions, personal or business-related decisions, and group decisions, each requiring different approaches and considerations. Successful decision-making often hinges on the decision-maker's ability to predict outcomes accurately and make objective, informed choices, free from emotional bias (Gupta, 2022). Through systematic decision-making processes, administrators and decision-makers can enhance their ability to achieve desired outcomes while minimizing risks and uncertainties (Danisi et al., 2021).

Word of Mouth (WoM)

Word of Mouth (WOM) plays a crucial role in shaping consumer behavior, particularly in decision-making processes related to educational institutions. WOM refers to the informal exchange of information and experiences among consumers about a product or service, which can significantly influence their perceptions and choices. Hanum et al. (2020) assert that WOM can directly impact parents' decisions when choosing a school for their children, especially when combined with perceived value and brand image, thereby amplifying its effect on decision-making.

Research has consistently shown that WOM is an effective marketing strategy, particularly in service-based industries such as education. Ahmad et al. (2014) and Gremler (2001) highlight that positive WOM can build consumer trust and strongly influence their purchasing decisions. However, Supriyadi et al. (2016) caution that the impact of WOM may vary depending on the context. For instance, in their study, WOM had a less significant effect on purchasing decisions for Converse shoes compared to other factors. Despite these variations, the overall consensus remains that WOM, especially when supported by perceived value and brand image, can significantly influence decision-making in educational contexts.

Arda's (2017) study further supports the notion that WOM is particularly influential in educational settings, where personal recommendations from trusted sources can outweigh other forms of promotion. The study found that WOM had a more substantial impact on students' decisions to enroll at the University of Muhammadiyah North Sumatra compared to traditional promotional methods. This suggests that positive testimonials from peers or family members who have firsthand experience with an institution can be more persuasive than conventional marketing efforts. Additionally, Halimatussakdiah et al. (2020) emphasized that the impact of WOM is not only significant but also diverse, depending on the quality of the information shared. Positive experiences communicated through WOM can enhance the perceived value of an educational institution, leading to higher enrollment rates. Conversely, negative WOM can deter prospective students and parents, highlighting the importance of maintaining high standards of service and satisfaction in educational settings.

The research by Hanum et al. (2020) revealed that the effectiveness of WOM is further strengthened when combined with perceived value and a strong brand image. Their findings suggest that WOM and the quality of experience significantly influence school choice decisions when mediated by these factors. This mediation reflects the complexity of the decision-

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making process and the interplay between direct personal recommendations and broader perceptions of brand value and reputation.

WOM is a powerful tool in influencing decision-making in the educational context. Its effectiveness is enhanced by positive perceived value and a strong brand image, making it a vital component of marketing strategies for educational institutions. By focusing on delivering high-quality experiences and fostering positive WOM, schools, and universities can significantly impact the decisions of prospective students and parents, leading to increased enrollment and a stronger institutional reputation.

Perceived Value

Perceived value plays a crucial role in the consumer decision-making process, particularly in the context of choosing an educational institution. Defined as the consumer's overall assessment of the usefulness of a product or service based on the trade-off between what is received and what is given (Zeithaml, 1988), perceived value encompasses various dimensions, including quality, benefits, and costs associated with the product or service. In the realm of education, perceived value involves parents' evaluation of the quality of education, facilities, and overall benefits that their children will receive in relation to the tuition fees and other costs they incur.

Hanum et al. (2020) emphasized that perceived value significantly influences parents' decisions when selecting a school for their children. Their study revealed that while word-of-mouth (WOM) alone does not directly impact decision-making, its influence becomes significant when mediated by perceived value. This suggests that parents' perceptions of the value provided by the school, such as the quality of education and the alignment with their values and expectations, are critical in their decision-making process.

Similarly, Relyea et al. (2008) highlighted the importance of perceived career value in educational decisions, particularly within the context of international study programs. They argued that the perceived value of an educational experience, including career benefits and cultural exposure, can outweigh perceived risks, thus influencing a student's decision to participate in such programs. This concept can be extended to parents choosing schools, where the long-term benefits of a high-quality education play a significant role in their school choice.

Naami et al. (2017) further explored how perceived value interacts with other factors, such as perceived risk and price, in shaping consumer purchase intentions. Their research suggests that perceived value should be central to marketers' efforts to understand and influence consumer behavior. This applies equally to educational institutions, where understanding perceived value from a parent's perspective can aid in formulating effective marketing strategies and increasing student enrollment rates. In essence, perceived value is a multifaceted construct that significantly impacts decision-making when choosing an educational institution. It integrates elements of quality, cost, and expected benefits, making it a critical factor for parents when evaluating various school options for their children. Educational institutions can enhance their appeal by effectively communicating the value they offer, thereby positively influencing parents' perceptions and decisions.

In this study, perceived value is employed as a mediating variable to analyze the influence of Word of Mouth (WoM) on parents' decisions in choosing Sekolah Kids Republic Jakarta. The study aims to understand how WoM and experience quality can influence parents' decisions through perceived value. Hanum et al. (2020) found that WoM and experience quality did not have a significant direct impact on school selection decisions; however, their impact became significant when mediated by perceived value and brand image. This finding underscores the importance of perceived value in shaping parents' decisions regarding their children's education.

In this context, enhancing perceived value means that schools must focus on increasing the value perceived by parents through various means. This includes improving the quality of education, providing adequate facilities, and ensuring that the services offered meet parents' expectations and needs. Moreover, schools must actively promote the benefits that students and parents will receive, both through effective marketing campaigns and efforts to build a positive school image.

Previous Research

The presents various studies that examine the impact of different factors such as Word of Mouth (WOM), perceived value, brand image, and other related variables on decision-making processes in educational and purchasing contexts. These studies provide insights into the dynamics of consumer behavior, particularly in the context of educational institutions and

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purchasing decisions.

Hartiwi and Lily (2011) explored the relationship between WOM, exhibitions, perceptions, and decision-making. Their findings indicate a significant relationship between these variables, showing that both WOM and exhibitions together significantly influence perceptions of value propositions, which in turn significantly affect decision-making. Hafizh et al. (2022) focused on the role of religiosity, school reputation, and perceived service quality on parents' school selection decisions. Their research found that these factors significantly impact parents' decisions, which subsequently influence satisfaction levels. Satisfaction, in turn, has a significant effect on positive WOM, highlighting the interconnectedness of these variables in shaping consumer behavior.

In a study by Agus and Nila (2018), the influence of WOM and brand image on prospective students' decisions to pursue higher education was analyzed. The results demonstrate that WOM significantly affects students' decisions to continue their studies at tertiary institutions, particularly in the context of a survey conducted among high school seniors in Tanah Putih. Sindy (2024) investigated the influence of brand image, WOM, and perceived value on parents' purchasing decisions. The study utilized multiple linear regression analysis and found that while brand image had a minimal impact on parents' decisions, WOM had a substantial influence. Additionally, perceived value, influenced by both brand image and WOM, played a critical role in parents' decision-making.

Arif et al. (2021) examined the effect of WOM marketing on students' decisions to enroll in higher education. Their findings show a positive impact of WOM on students' decision-making, with statistical evidence supporting the significance of this relationship. Wahyuni (2022) explored the effects of brand trust and perceived value on students' decisions when selecting study programs. The study concluded that both brand trust and perceived value have a positive and significant impact on students' decision-making, reinforcing the importance of these factors in educational contexts.

The study by Ardiansa (2022) focused on the influence of social media, perceived value, and brand trust on decision-making. The results indicate that all three variables significantly affect school selection decisions, specifically in the context of choosing SD Muhammadiyah 2 Tulangan Sidoarjo. Djiliha (2010) found that perceived value significantly influences student satisfaction and their decision to select a study program, emphasizing the importance of perceived value in shaping student choices. Rois (2022) investigated the effects of brand image and WOM on purchasing decisions in educational services. The study's partial significance tests (t-tests) revealed that both variables positively influence purchasing decisions. Additionally, the simultaneous significance test (F-test) showed that these variables collectively have a substantial impact on purchasing decisions at MI Terpadu Amaanatul Ummah, with a combined effect of 72.9%.

Finally, Hanum et al. (2020) and Munir and Santosa (2023) both highlighted the mediating role of perceived value and brand image in the relationship between WOM, experience quality, and decision-making. Their findings suggest that while WOM and experience quality do not directly influence school selection decisions, their impact becomes significant when mediated by perceived value and brand image, underlining the complexity of the decision-making process in educational settings. These studies collectively underscore the critical role of WOM, perceived value, brand image, and other related factors in influencing decision-making across various contexts, particularly in education and consumer behavior. The findings suggest that these variables often interact in complex ways, with perceived value frequently serving as a key mediating factor in the decision-making process.

Research Framework & Hypothesis

Concerning the three research objectives formulated in the current research, the research framework is known as presented in Figure 1.2.

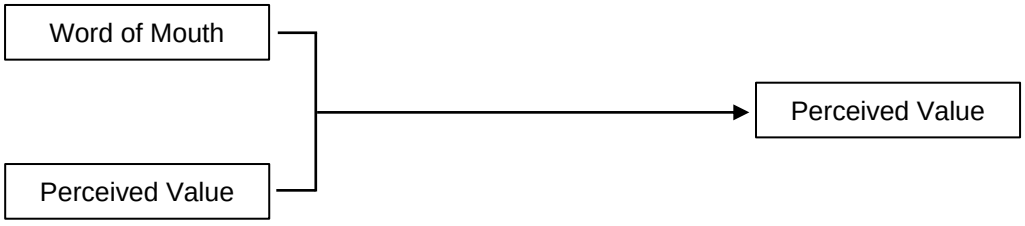

Figure 2. Research Framework

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Figure 1.2 shows the research framework that describes the relationship between Word of Mouth (WoM) and Perceived Value on parents' decisions in choosing Sekolah Kids Republic Jakarta. In this figure, Word of Mouth is directly connected to Decision, indicating the hypothesis H1 that WoM has a significant effect on parents' decisions. In addition, Perceived Value is also directly connected to Decision, indicating the hypothesis H2 that Perceived Value has a significant effect on parents' decisions. These two relationships are illustrated by arrows pointing from each independent variable (WoM and Perceived Value) to the dependent variable (Decision), which illustrates the direction and influence hypothesized in this study. On the other hand, this study develops hypothesis 3 in the form of the simultaneous influence of WoM and perceived value on decisions.

1. H1: Word of Mouth (WoM) has a significant influence on parents' decision in choosing Kids Republic Jakarta School for their children.
2. H2: Perceived Value has a significant influence on parents' decision in choosing Kids Republic Jakarta School for their children.
3. H3: Word of Mouth (WoM) and Perceived Value simultaneously have a significant influence on parents' decision in choosing Kids Republic Jakarta School for their children.

METHOD

Sampling Method

In this study, the target population comprised the parents of students at Kids Republic School Jakarta. To select the sample, probability sampling was employed, specifically using a random sampling technique. A sample, which is a subset of the population, is utilized to represent the larger group. For this study, the Slovin formula was applied to determine the sample size, incorporating a tolerance level of error of 10%. Consequently, a total of 68 respondents were selected from the population of 204 parents. This sampling approach was designed to ensure both representativeness and diversity in capturing the perspectives and influencing factors behind parents' decisions regarding Kids Republic School Jakarta. Despite the relatively small sample size of 68 respondents, it is considered sufficiently representative given the total population of 204, and it meets the minimum sample requirement of 10% as suggested by Slovin (Santoso, 2023).

Simple random sampling is a commonly utilized method in quantitative research where each member of the population has an equal probability of being selected (Acharya et al., 2013). This approach ensures that the sample accurately represents the population, thereby allowing for the generalization of study findings. In simple random sampling, selection is performed randomly, frequently using computer software to generate random numbers that guide the selection process from a population list. The method's key advantages include its capacity to provide unbiased estimates of population characteristics and its suitability for straightforward statistical analysis (Tajik & Golzar, 2011).

In this study, simple random sampling was employed to select participants from a population comprising Foundation administrators, preschool and kindergarten teachers, and parents of students at Sekolah Kids Republic Jakarta. With a total population of 204 individuals, the Slovin formula was used to determine the sample size, incorporating a 10% error tolerance. This resulted in a sample of 68 individuals. The selection process was conducted randomly to ensure that every individual in the population had an equal chance of being chosen, thereby enhancing the representativeness and validity of the sample. The application of simple random sampling in this study was intended to yield accurate and representative data regarding the factors influencing parents' decisions in selecting Kids Republic Jakarta School for their children.

PLS-SEM Method & Its Implementantion

In this study, the analytical technique employed is the Partial Least Squares Structural Equation Modeling (PLS-SEM). PLS-SEM is a sophisticated analytical method used to model complex relationships between observed and latent variables. It integrates elements of factor analysis and multiple regression, facilitating the simultaneous examination of multiple dependent and independent variables. This approach is particularly suitable for exploratory research aimed at predicting and identifying key driving constructs. It is advantageous in scenarios involving small sample sizes, non-normal data distributions, and complex models with numerous indicators and latent constructs. PLS-SEM is noted for its capability to manage multicollinearity among predictors and its robustness in handling missing data. By optimizing the explanation of variance in endogenous constructs, PLS-SEM provides a comprehensive understanding of the theoretical model being studied (Sun et al., 2018).

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PLS-SEM is executed through two main analytical models: the outer model and the inner model. The outer model, or measurement model, elucidates the relationship between latent constructs and their measurable indicators. It aims to confirm that the indicators effectively represent the latent constructs they are intended to measure (Kwong-Kay, 2013). The outer model can be reflective or formative. The reflective model assumes that indicators are manifestations of the latent construct and should exhibit high inter-correlation. Conversely, the formative model posits that the latent construct is composed of indicators that may not be correlated. Validation of the outer model involves assessing indicator reliability, internal consistency, convergent validity, and discriminant validity (Sarstedt et al., 2017).

The inner model, or structural model, describes the relationships among latent constructs within the research framework (Kwong-Kay, 2013). It is utilized to test hypotheses and understand causal relationships between latent variables. In the inner model, latent variables are categorized as exogenous or endogenous. Exogenous variables are predictors that do not receive arrows from other variables, whereas endogenous variables are predicted by at least one other variable. Evaluation of the inner model includes testing path coefficients for significance, assessing R-squared values for endogenous variables, and conducting predictive relevance tests using methods such as Q-squared (Chin, 1998). This evaluation helps researchers determine the adequacy of the hypothesized model in describing the actual data.

Research Formulation

This study has 3 hypotheses, which when derived in the PLS-SEM model are as follows:

1. H1: Word of Mouth (WoM) has a significant effect on parents' decisions in choosing Kids Republic Jakarta School for their children, is Parental Decision = β1 (Word of Mouth) + e1
2. H2: Perceived Value has a significant effect on parents' decisions in choosing Kids Republic Jakarta School for their children, is Parental Decision = β2 (Perceived Value) + e2
3. H3: Word of Mouth (WoM) with Perceived Value as a mediating variable has a significant effect on parents' decisions in choosing Kids Republic Jakarta School for their children, is Parental Decision = β1 (Word of Mouth) + β2 (Perceived Value) + e3

Based on the three formulas above, it is known that the outer model formula in this study is as as follows:

1. $WoM=\lambda 1 \cdot WoM1+\lambda 2 \cdot WoM2+\cdots+eWoM$ ... (1)
2. $\text{Perceived Value}=\lambda 3 \cdot PV1+\lambda 4 \cdot PV2+\cdots+ePV$ ... (2)
3. $\text{Parental Decision}=\lambda 5 \cdot KO1+\lambda 6 \cdot KO2+\cdots+eKO$ ... (3)

Where the outer model above is used to measure the relationship between observed indicators (WoM1,WoM2, etc.) and latent constructs (WoM, PV, KO).

RESEARCH RESULTS AND DISCUSSION

The Demographics of Respondents

Table 1.1 presents the demographics of the respondents consisting of 68 individuals with a relatively balanced gender distribution. These data reflect the characteristics of the population involved in this study.

Table 1. The population involved in this study

Category	Number	Percentage
Gender		
Male	40	58%
Female	28	41%
Age		
20-29 years	50	73%
Over 30 years	21	31%
Highest Education		
High School/Vocational	3	4%
Higher Education	65	96%
Occupation		
Private Employee	48	71%
Entrepreneur	15	22%
Housewife	5	7%

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Table 1 reveals that the majority of respondents in this study were male (58%) and aged between 20-29 years (73%). This indicates a predominance of younger individuals in the study sample, with only 31% of respondents being over 30 years old, suggesting lower engagement from the older age group. The gender distribution is relatively balanced, but the dominance of the younger age group highlights the study's focus on understanding the perceptions and behaviors of a younger demographic.

Regarding educational attainment, 96% of respondents had a college degree, reflecting a high level of education among participants. This high educational background may influence their information processing and decision-making approaches. The primary occupation among respondents was private sector employment (71%), followed by self-employment (22%) and homemaking (7%). This distribution shows a variety of professions, with a notable concentration in the private sector.

Result of Outer Model PLS-SEM

In the study using PLS-SEM as an analysis tool, the first stage is to test the outer model through the PLS Algorithm which in the study will be tested for reliability, convergent validity, and discriminant validity. For the reliability test, it can be seen from the cronbach's alpha value. In the first stage of the PLS-SEM outer model test, the results of the reliability test are presented in table 2.

Table 2. Reliability Test Result

	Cronbach's alpha
Decision	0.85
Perceived Value	0.76
Word of Mouth	0.86

Table 2 presents the reliability test results for the research model using PLS-SEM. The Cronbach's alpha values for the Decision, Perceived Value, and Word of Mouth variables are 0.85, 0.76, and 0.86, respectively. All these values exceed the recommended threshold of 0.7, indicating satisfactory reliability of the constructs.

Additionally, tests for convergent validity and discriminant validity were performed on the outer model. Convergent validity assesses how well a construct is correlated with its indicators, reflecting the extent to which the indicators measure the intended construct. This is typically evaluated using the Average Variance Extracted (AVE) and factor loadings. An AVE value greater than 0.5 is generally considered indicative of acceptable convergent validity (Hair et al., 2019). For each latent variable, the variance explained by the indicators should have an absolute correlation greater than 0.7, as recommended by Hair et al. (2019), or greater than 0.6, according to Chin (1998).

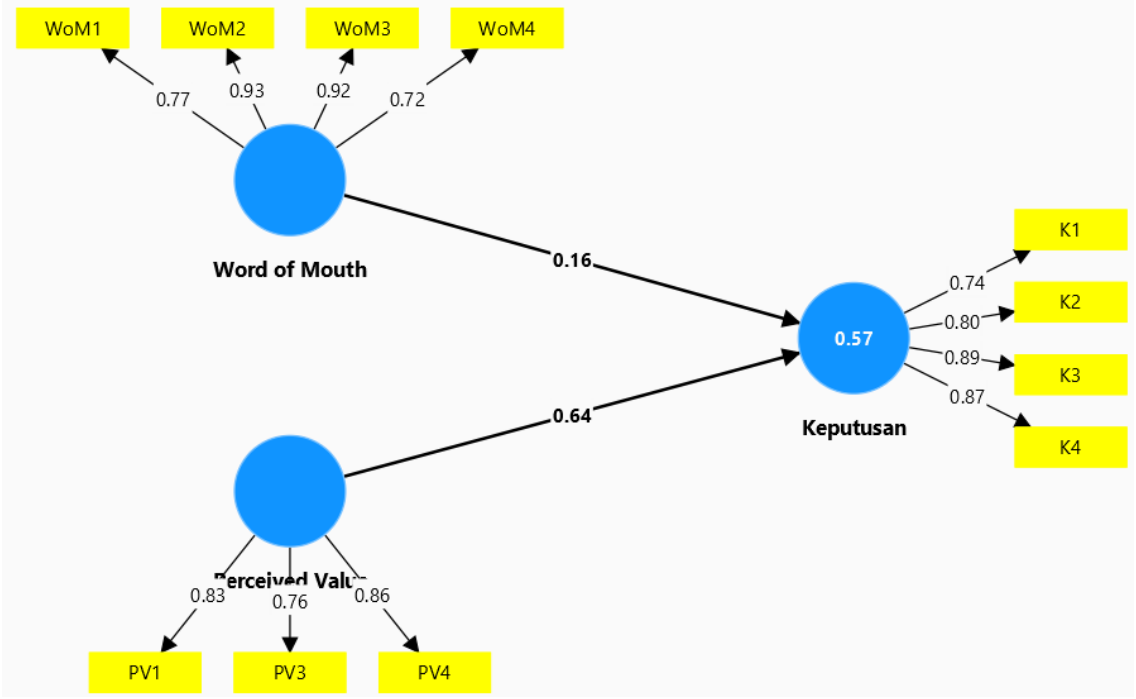

Figure 3. Result of Outer Loadings Test

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Based on Table 3, it is known that all indicators have values above 0.7, except for the PV3 indicator which has a value of 0.76, and WoM4 with a value of 0.72, indicating that the latent variables can explain the variance of their indicators well, by the requirements of Hair et al. (2019) and Chin (1998). This high outer loading value indicates that each indicator has a strong correlation with its latent variables. The following is Table 1.3 which is the result of the outer loadings test.

Table 3. Outer Loadings Test Result

	Outer loadings
K1 <- Decision	0.74
K2 <- Decision	0.8
K3 <- Decision	0.89
K4 <- Decision	0.87
PV1 <- Perceived Value	0.83
PV3 <- Perceived Value	0.76
PV4 <- Perceived Value	0.86
WoM1 <- Word of Mouth	0.77
WoM2 <- Word of Mouth	0.93
WoM3 <- Word of Mouth	0.92

Table 4 also shows that the AVE value in the PLS-SEM model in this study meets the requirements or > 0.5.

Table 4. AVE Values

	Average variance extracted (AVE)
Decision	0.69
Perceived Value	0.67
Word of Mouth	0.71

Table 4 shows the Average Variance Extracted (AVE) values for each construct in the PLS-SEM model in this study. The AVE value for the Decision construct is 0.69, for Perceived Value is 0.67, and for Word of Mouth is 0.71. All of these AVE values are above the threshold of 0.5, indicating that each construct has adequate convergent validity. This means that more than 50% of the variance of the indicators used can be explained by their respective latent constructs. This indicates that the indicators used in this study are effective in reflecting the latent constructs being measured, so that the measurement model has good convergent validity and can be trusted for further analysis. Next is the discriminant validity analysis, which functions to measure the extent to which constructs that should not be highly correlated with other constructs are actually not highly correlated with each other. Discriminant validity ensures that each latent construct is unique and can be distinguished from other constructs. Discriminant validity testing is done by comparing the AVE value with the correlation between constructs, where the AVE value must be greater than the correlation between constructs (Rasoolimanesh et al., 2015). The results of the discriminant validity test in this study are presented in Table 1.5.

Table 5. Result of Discriminant Validity Test

	Decision	**Perceived Value**	**Word of Mouth**
Decision	0.83		
Perceived Value	0.75	0.82	
Word of Mouth	0.58	0.66	0.84

Table 5 shows the results of the discriminant validity test using the Fornell-Larcker Criterion for the Decision, Perceived Value, and Word of Mouth constructs in the PLS-SEM model. Based on the table, the diagonal values (in bold) indicate the square root of the AVE values of each construct: Decision (0.83), Perceived Value (0.82), and Word of Mouth (0.84). These values are greater than the correlations between constructs outside the diagonal, namely between Decision and Perceived Value (0.75), Decision and Word of Mouth (0.58), and Perceived Value and Word of Mouth (0.66). This shows that each construct has more variance together with its own indicators than with other constructs, which means that the model meets the requirements for discriminant validity. Thus, each construct in this study is proven to be unique and can be distinguished well from each other.

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Result of Inner Model PLS-SEM

The inner model in PLS-SEM illustrates the relationships between latent variables, which are constructs inferred from observed variables rather than directly measured. This model defines the directional links between these constructs, showing how one latent variable predicts another. Evaluation of the inner model involves examining path coefficients to determine the strength and direction of these relationships, assessing the coefficient of determination (R^2) to gauge the variance in endogenous variables explained by exogenous variables, and analyzing the effect size (f^2) to understand the impact of predictor variables on the model's accuracy. The main objective of the inner model is to test and validate the hypothesized relationships among constructs, thereby supporting the theoretical framework of the study (Marliana, 2020; Sholiha & Salamah, 2015).

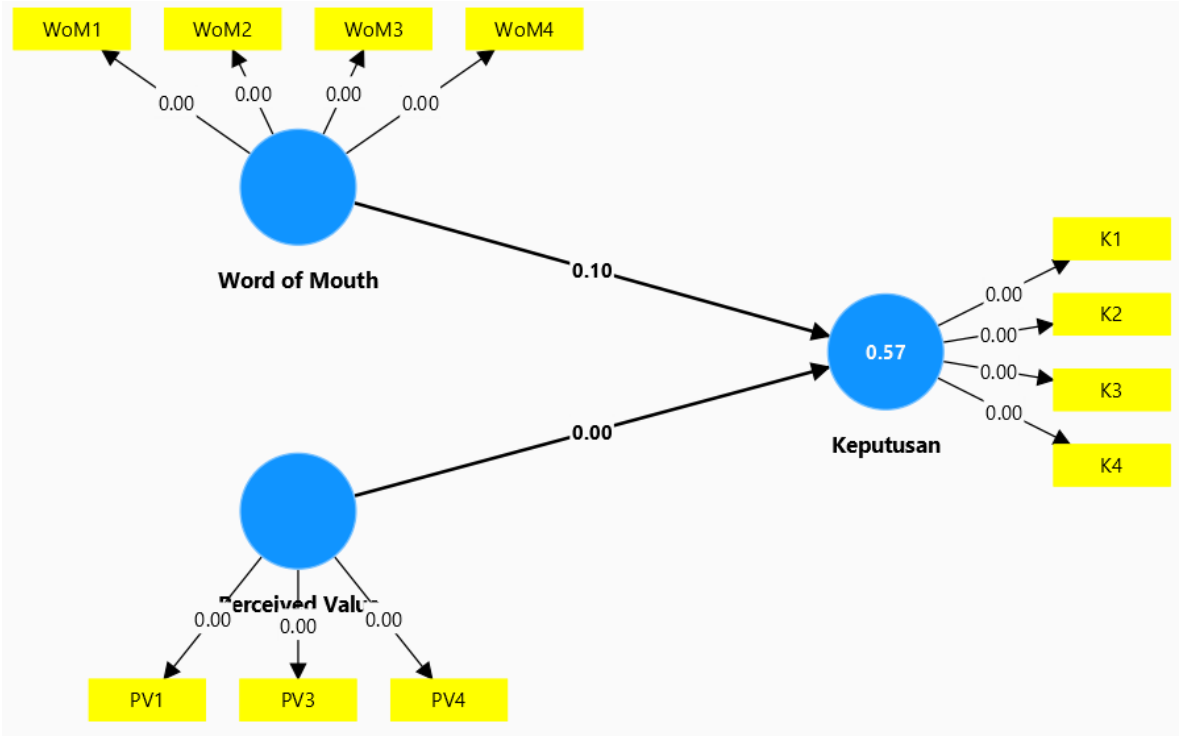

Figure 4. PLS-SEM Path Coefficients

To see the form of influence between variables, it is presented in Table 6 which is the result of the PLS-SEM path coefficient test.

Table 6. PLS-SEM Path Coefficients

	Original sample (O)	**P values**
Perceived Value -> Decision	0.64	0
Word of Mouth -> Decision	0.16	0.1

Table 6 shows the results of the path coefficients from the PLS-SEM model that evaluates the relationship between Perceived Value and Decision, and Word of Mouth and Decision. The path coefficient values provide information about the strength and direction of the relationship between these variables, while the P values indicate the statistical significance of the relationship. For the relationship between Perceived Value and Decision, the path coefficient of 0.64 with a P value of 0.0 indicates that this relationship is significant at the 10% significance level. This result means that Perceived Value has a significant and positive influence on parents' decisions in choosing Sekolah Kids Republic Jakarta. This fairly high path coefficient indicates that Perceived Value has a strong influence on parents' Decisions, which supports the second hypothesis (H2) in this study. In contrast, the relationship between Word of Mouth (WoM) and Decision shows a path coefficient of 0.16 with a P value of 0.1. Although this P value is right at the 10% critical point, this relationship is not significant at a stricter significance level. This shows that the influence of WoM on Decisions is relatively weak and marginal, so the first hypothesis (H1) is not fully supported by the results of this study.

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These results are in line with the findings of previous research by Hanum et al. (2020) which showed that Perceived Value has a dominant influence in mediating the relationship between WoM and school choice decisions. This study confirms the importance of Perceived Value as a key factor in parental decisions. However, the weaker-than-expected influence of WoM suggests that other factors may influence the effectiveness of WoM, or that the influence of WoM is more complex and requires further investigation to understand the factors that mediate or moderate its influence. Jalilvand & Samiei (2012) also showed that WoM can have a significant influence on purchasing decisions through Perceived Value. However, in the context of this study, the direct influence of WoM on parental Decisions is not as strong as expected, indicating that other unidentified variables may play an important role in the parental decision-making process. The following are the R2 and Adjusted R2 values in the current study as presented in table 7.

Table 7. the R2 and Adjusted R2 Value

	Original sample (O)	**P values**
R^2 Decision	0.57	0
Adjusted R^2 Decision	0.56	0

Table 7 presents the R^2 and Adjusted R^2 values for the Decision variable in the PLS-SEM model. The R^2 value of 0.57 indicates that 57% of the variance in the Decision variable is explained by the independent variables, Word of Mouth (WoM) and Perceived Value. The Adjusted R^2 value of 0.56, which is close to the R^2 value, suggests that the model is stable and not overly fitted to the sample data. An R^2 value of 0.57 is categorized as moderate, implying that while the model provides a reasonably good explanation of the variance, it is neither substantial nor strong. Hypothesis 3, which posits that WoM and Perceived Value together significantly affect parents' decisions in choosing Sekolah Kids Republic Jakarta, is supported by these results. Although the R^2 value does not reach the substantial (0.67) or strong (>0.7) thresholds, it demonstrates that the combination of WoM and Perceived Value significantly influences parents' decisions. This aligns with the research by Hanum et al. (2020), which found that Perceived Value mediates the effect of WoM on school choice decisions. Their findings suggest that a positive perception of the value offered by the school enhances the likelihood of making a favorable decision, independent of the direct influence of WoM.

Table 8. F2 Value

	Original sample (O)	**P values**
Perceived Value -> Decision	0.54	0.04
Word of Mouth -> Decision	0.03	0.29

The F square table shows the effect size of Perceived Value and Word of Mouth (WoM) on Parents' Decision in Choosing Kids Republic Jakarta School. The f square value of 0.54 for the relationship between Perceived Value and Decision indicates that Perceived Value has a large and significant effect (P value = 0.04) in explaining the variance in Parents' Decision. In contrast, the f square value of 0.03 for the relationship between WoM and Decision indicates that WoM has a very small and insignificant effect (P value = 0.29) on Parents' Decision. This means that, in the context of this study, Perceived Value is much more influential in influencing parents' decisions compared to WoM. This finding confirms the importance of the perception of value offered by the school in the parents' decision-making process, while the influence of WoM does not make a significant contribution.

CONCLUSION

This study investigates the impact of Word of Mouth (WoM) and Perceived Value on parents' decisions to select Sekolah Kids Republic Jakarta, employing Partial Least Squares Structural Equation Modeling (PLS-SEM) for analysis. The results demonstrate that Perceived Value exerts a significant and dominant effect on parents' decisions. The high path coefficient suggests that a favorable perception of the school's value considerably increases the likelihood of parents choosing the school for their children, thereby affirming the second hypothesis (H2) that Perceived Value significantly influences parents' decisions.

The impact of WoM was found to be relatively weak and not statistically significant at a stricter level of significance. Although the p-value is near the critical threshold, this finding suggests that WoM does not play a substantial role in the decision-making process regarding school selection. Consequently, the first hypothesis (H1), which posits that WoM has a significant influence on parents' decisions, is not fully supported by these results.

The third hypothesis (H3), which asserts that WoM and Perceived Value together significantly influence parents' decisions, is partially validated. The study reveals that the combination of WoM and Perceived Value explains a moderate portion of

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the variance in parents' decisions, as indicated by the R^2 value. This suggests that while both variables together significantly impact parents' choices, Perceived Value remains the more influential factor.

In summary, the findings highlight the following conclusions:

1. Perceived Value significantly and dominantly influences parents' decisions to choose Sekolah Kids Republic Jakarta, underscoring the importance of a positive value perception.
2. WoM has a relatively weak and insignificant effect on the decision-making process, indicating that it plays a lesser role compared to Perceived Value.
3. The joint effect of WoM and Perceived Value explains the variance in parents' decisions to a moderate extent, with Perceived Value being the predominant factor.

Practical Implication

The results of this study provide important insights for the management of Sekolah Kids Republic Jakarta and other educational institutions about the importance of improving the perceived value offered to parents. Given that Perceived Value has a significant and dominant influence on parents' decisions, schools should focus on providing high-quality educational services, adequate facilities, and comprehensive support for students and parents. A clear communication strategy regarding the benefits and added value offered by the school can also help strengthen this positive perception. In addition, schools should continue to evaluate and improve their educational programs to ensure that they are in line with parents' expectations and needs. While the influence of Word of Mouth (WoM) was found to be relatively weak, this does not mean that WoM can be ignored completely. School managers can develop strategies to encourage positive reviews from parents and students through testimonials, discussion forums, and online reviews. Given that WoM has a more complex influence and may depend on context, efforts to strengthen the school's reputation through positive experiences and effective communication remain important. Programs that actively involve parents, such as seminars, workshops, and school activities, can increase their engagement and satisfaction, which in turn can result in more positive reviews and a stronger impact.

Theoretical Implication

This study strengthens the understanding of the significant role of Perceived Value in parents' decision to choose a school for their children, while the influence of Word of Mouth (WoM) was found to be relatively weak. The theoretical implications of these findings suggest that decision-making models in the educational context should place more emphasis on factors that shape the perceived value of educational services. This study also underlines the importance of exploring more deeply how perceived value can be built and maintained by educational institutions. For further research development, it is suggested that future studies can explore additional variables that may moderate or mediate the relationship between WoM and parental decisions. For example, factors such as school reputation, parents' personal experiences, quality of interaction with school staff, and loyalty to the educational brand can provide more comprehensive insights. In addition, future studies can expand the geographic and demographic context to test whether these findings are consistent across different locations and populations. Using longitudinal methods to see changes in perceptions and decisions over time can also provide a deeper understanding of the dynamics of decision-making in education.

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