Creating Student Loyalty Through Reputation of Higher Education: An Empirical Study of Polytechnic in Bandung

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Abstract. This study aims to determine whether the loyalty of Polytechnic students can be formed through the reputation of Higher Education. Because student loyalty has an important role in realizing the competitive advantage of Higher Education. This research was conducted with a quantitative approach and data obtained through surveys using an online questionnaire with a sample of 200 Polytechnic students in the city of Bandung. Measurement of data and relationships between variables is done by using SEM-PLS statistical tools. The results show that student loyalty can be built through the reputation of higher education institutions with student satisfaction as intervening variable and various variables as forming the reputation of higher education

Keywords. student loyalty; reputation; higher education; student satisfaction

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INTRODUCTION

Research on student loyalty is currently more focused on campus internal factors which consist of quality of service, student satisfaction, image of the College, and tuition fees (Leonnard, et al (2014). In fact, many students have certain Higher Education loyalty because of their reputation. Students may have formed a perception about both their school and their specific study program. Reputation management is also looked upon as very important for attracting and retaining students (Bush et al., 1998; Standifird, 2005).

Student loyalty is one of the major goals of educational institutions. A loyal student population is a source of competitive advantage with outcomes such as positive word of mouth (WOM) communication, retention and repeat. The creation and the delivery of superior customer value become important in creating a sustainable advantage in the highly competitive international education market (Kotler and Fox, 1995).

A favorable perception of reputation is supposed to be positively related to loyalty (Johnson et al., 2001; MacMillan et al., 2005). Schools are identified, in part, by their reputation, which requires managerial consideration. School reputation, as understood by a range of stakeholders, is critical because it positively influences stakeholders’ attitudes towards the school. However, previous research on the reputations of educational institutions has largely focused on higher educational institutions, and has done so primarily as viewed from a student or third-party perspective (Brewer and Zhao, 2010; Helgesen and Nessel, 2007; Safo ´n, 2009; Standifird, 2005; Vidaver-Cohen, 2007)

Øyvind Helgesen and Erik Nessel (2007) propose and validate a model that connects student satisfaction, reputation, and loyalty. This model has an institutional reputation that acts as an intermediate variable between student satisfaction and loyalty. It takes time and effort to build reputation and it is undeniable that student satisfaction is one of the many ways to improve reputation (Wong et al., 2016).

In previous studies, the variable reputation of the institution / higher education was mostly used as an intermediate variable or as a moderating variable, some even used it as a dependent variable that was influenced by the independent variable.
In this study, Higher Education reputation variables are applied to the Polytechnic so that it uses indicators such as accreditation scores, completeness of facilities, study programs, Higher Education rankings, lecturer quality, and waiting times for graduates to obtain jobs that are considered by students before deciding on choosing a Polytechnic. Thus the higher education reputation variable functions as an independent variable. This research is expected to produce a Polytechnic student loyalty model formed from reputation of higher education institution and student satisfaction.

**Students’ Satisfaction**

Satisfaction is the resultant outcome of an institution’s administrative as well as educational system’s coherent performance. Because the students will be more satisfied and motivated for completing their studies if the institution provides an environment which facilitates learning (Zeithaml, 1988). Furthermore, some experts, such as Oliver (1980), Tse and Wilton (1988), and Yi (1990) believe that customer’s satisfaction lies in the “disconfirmation of consumer expectations” paradigm while a positive disconfirmation leads to customer satisfaction and negative disconfirmation will lead to customer dissatisfaction (Ismail et al., 2006; Jamali, 2005). This means satisfaction is a function of customer experience and expectations of various services outcomes.

**Reputation of Higher Education Institution**

A good school reputation can alleviate students’ uncertainty about institutional performances, strengthen competitive advantage, contribute to public confidence, and create value by maximizing an institution’s ability to receive a premium for services provided (Vidaver-Cohen, 2007). The reputation of a firm may be interpreted as the overall perception of a company, what it stands for, what it is associated with, and what may be supposed to get when buying the products or using the services of the company (MacMillan et al., 2005; Schuler, 2004; Weiss et al., 1999).

The concept of corporate reputation has been adapted to the field of educational management (Safon, 2009; Vidaver-Cohen, 2007; Skallerud, 2011). In general, there is a growing recognition among academics and education practitioners that school reputation is becoming increasingly important (Bond and King, 2003; Friedman, Bobrowski, and Geraci, 2006; Friedman, Bobrowski, and Markow, 2007; Hausman and Goldring, 2000; Li and Hung, 2009; in Skallerud, 2011).

The university’s reputation as: “subjective and collective stakeholder recognition or assessment of the university, which shows perceptions, attitudes, evaluations, levels of trust, their admiration, good feelings and appreciation for the university from time to time as a result of the university's past actions, which can contribute to the achievement of the university's sustainable competitive advantage ” (Wibowo, 2014).

**Student Loyalty**

According to Zeithaml (in Yu and Dean, 2001: 243), there are four aspects can be used to measure loyalty. The first one is positive word of mouth. This positive communication can be in form of recommending to friends, telling positive things about the product and encouraging others to use the product. The second is complaint behavior. This is shown by complaining about the problem in using the product to the employee or the supervisor. The third one is switching behavior. This is shown by the effort to switch to other company’s product, tempted by other company’s offer and accepting other company’s offer. The fourth one is willingness to pay more. This aspect is related to consumer
willingness to keep on buying and paying for the product although there is an increase in the product’s price.

Loyalty is a consumers’ intensity portrayed by repurchase behavior, positive attitude towards the company as a service provider and a tendency to use the same service when the needs arise. This is measured by following indicators: positive word of mouth, no switching behavior, no complaint behavior and willingness to pay more (Leonnard, et al, 2014). Student’s loyalty can be defined as a deeply commitment held by a student to patronize a preferred service of higher education in the future despite any situational influence (Ndubisi et al., 2012). Today, students loyalty and retention is the most vital goal for any service institutional success (Heskett et al., 2008).

Student's loyalty is only possible with a student satisfaction, university image, study loyalty is one of the most valuable things that institutions have to build and sustain a strong relationship. The loyalty of a client to a business and the strength of their attitudes make its very hard and costly for its competitor to draw its clients. Now a days Universities are giving more significance to student's loyalty in order to gain a competitive advantage (Helgesen and Nesset, 2007).

Student satisfaction can be measured by asking questions related to various aspects pertaining to their stint with the educational institutions (Ryan et al., 1995). This study used a modified version of an instrument developed by Thomas Sam (2011) and Annamdevula, Bellamkonda (2014), measured student satisfaction with respect to the following dimensions: Quality of academics, quality of administration, quality of social life, quality of infrastructure and quality of support services.

The loyalty and reputation constructs are measured by the instruments developed and validated by Thomas Sam (2011). They have used the popular three item measure of loyalty (Dick and Basu, 1994; Oliver, 1997): Chance of recommending the university to friends/acquaintances, Attending the same university if starting from fresh, and the chance of returning to the same university for new courses/further education. The perception of reputation is measured by two items: the students’ perceptions of the general reputation of their university and the students’ perceptions of the reputation of their chosen study program at the university.

All indicators are measured on a seven-point Likert-scale where “1” indicates the least favorable response alternative (low / very poor reputation / never recommend etc.) and “7” the most favorable response alternative (high / very good reputation / strongly recommend etc.).

The research model showing relationship between all variables which have been discussed above is presented in figure 1.

![Figure 1. Research model](image)

The following hypotheses are:

H1. Polytechnic Reputation has a positive impact on students’ satisfaction.
H2. Polytechnic Reputation has a positive impact on students’ loyalty.
H3. Students’ satisfaction has a positive impact on students’ loyalty.
H4. Polytechnic Reputation has a positive impact on students’ loyalty through intervening students’ satisfaction.

METHOD
The sample for this study was 200 Polytechnic students in the city of Bandung. There are Politeknik Pos Indonesia, Politeknik TEDC, Politeknik Negeri Bandung, Politeknik Piksi Ganesha, Politeknik LPKIA, and Politeknik Manufaktur. Data were collected through online questionnaire. In measuring the items representing the constructs shown in the research model we used the multi-scaling method, namely Likert scale (7-point).

This study used path analysis with SEM-PLS test. First of all, validity and reliability test are conducted. Validity test was conducted by item analysis (item to total analysis) approach; meanwhile reliability test was conducted by alpha Cronbach approach. Second, some data assumption tests, i.e. normality test, multicolinearity test, autocorrelation test, and linearity test, are done. Lastly, a multiple regression analysis is conducted to test the hypothesis. All data analysis is conducted with 95% significant level.

RESULT AND DISCUSSION
Most of the indicators are reliable (above 0.7) so that the construct can explain more than 50% of the variance, as well as measurements using Cronbach’s alpha all indicators in the range 0.6 - 0.8 are considered to have good reliability (Wong KK, 2013; Sarstedt et al, 2017). The AVE value of all indicators above 0.5 means that the construct can explain 50% or more of the variance of the items (Wong KK, 2013; Sarstedt et al, 2017). VIF values for all variables are below 5, meaning that there is collinearity between constructs (Sarstedt et al, 2017).

R² (R Square) for Student Loyalty is 0.520 and Student Satisfaction is 0.472 indicating that the model is moderate. Q square results above 0 or greater than 0 means that the model has an accurate predictive relevance to certain constructs (Sarstedt et al, 2017). The magnitude of influence between variables with effect size (f²) as follows:

<table>
<thead>
<tr>
<th></th>
<th>PR -&gt; SL</th>
<th>PR -&gt; SS</th>
<th>SS -&gt; SL</th>
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<tbody>
<tr>
<td>Moderate</td>
<td>0.102</td>
<td>0.893</td>
<td>0.250</td>
</tr>
<tr>
<td>Strong</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To strong</td>
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PR : Polytechnic Reputation
SL : Student Loyalty
SS : Student Satisfaction

Hypothesis testing is done by measuring the level of significance and strength of the relationship using the path coefficient. The closer the value of +1, the stronger the relationship between the two variables. Relationships that are closer to the value of -1 indicate that the relationship between the two variables is negative. (Sarstedt et al, 2017). The results of calculations with the path coefficient as follows:

<table>
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<tr>
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<th>PR -&gt; SS</th>
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<th>SS -&gt; SL</th>
<th>PR-&gt; SS -&gt; SL</th>
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<tbody>
<tr>
<td>Positive significant</td>
<td>0.687</td>
<td>0.304</td>
<td>0.477</td>
<td>(0.687x0.477)</td>
</tr>
<tr>
<td>Positive moderate</td>
<td></td>
<td></td>
<td></td>
<td>(Sarstedt dkk, 2017)</td>
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Polytechnic reputation turned out to have a positive and significant effect on student satisfaction, meaning hypothesis 1 was proven. Polytechnic reputation turns out to have a
positive and moderate effect on student loyalty, meaning hypothesis 2 is proven. Student satisfaction apparently has a positive and moderate effect on student loyalty, meaning hypothesis 3 is proven. Polytechnic reputation turns out to have a positive and moderate effect on student loyalty through student satisfaction intermediaries, meaning hypothesis 4 is proven.

Research on the Polytechnic students in Bandung shows that student loyalty will be formed when students are satisfied, and student satisfaction can be formed through the reputation of the institution or the reputation of the Polytechnic. This means that the reputation of the institution / polytechnic has an important role in creating student satisfaction. The better the reputation of the institution the better the image of the institution and will further increase student satisfaction.

A good reputation that has been formed will increase trust and make the institution the first choice so that it triggers an interest in buying and making repeat purchases or even making recommendations by word of mouth to make a purchase. The good reputation owned by educational institutions / polytechnics as vocational education institutions must go through a process that involves all stakeholders and all components forming educational quality such as lecturer quality, curriculum quality, teaching and learning program quality, adequacy of infrastructure facilities including facilities, quality of institutional services, institutional financial capacity, which is able to form output in the form of institutional accreditation scores and superior study program accreditation, international accreditation, top national and international ranking, high absorption of graduates to industry, student achievement, lecturer achievement, and so forth.

Because the good reputation that is formed must go through a long process and time, so it is with the satisfaction and loyalty of students who also require a long process and time. Therefore it is natural that the good reputation of an institution will foster student satisfaction and loyalty.

Building reputation and branding has become a central element in new university management practices (Aula and Tienari, 2011). Maintenance of the quality and reputation of institutions has received serious attention from researchers (Hilgers, Flachsbart, and Elrod, 2012).

Reputation is one of the determining factors for students in choosing a business school. In full, the most important factors by order are: program (choice of majors), fame / fame (reputation), price (tuition fees), prospectus (communication via direct mail), people (interaction with teachers, employees, and other students), promotions (publicity and e-media), and bonuses (a combination of various offers). (Pinar et al., 2011).

Mazzarol and Soutar (2012) refer to "strong reputation" as a key competency for educational institutions to successfully compete in the global market. Many universities are involved in image reconstruction strategies to reposition themselves in the education market and improve their reputation (Brown and Geddes, 2006; in Casidy, 2013).

One way for universities to fulfill students' personal values is to differentiate their universities from others (through positioning / advertising) by emphasizing the ranking and
reputation of schools, the image of institutions, and the existence of a strong alumni network (Durvasula et al., 2011).

Previous studies have found that the reputation of a university is an important determinant of international students when choosing to study abroad (Mazzarol et al, 2001). Institutions with established reputations or strong brand images enjoy superior market positions, although they need to continue to reinvest in resources and skills to maintain their competitiveness (Mazzarol and Soutar, 2012).

The university's reputation should be based on students as university customers, so it is important to emphasize efforts to build students' personal experiences with the university, and positive student perceptions of the university (Walsh and Beatty, 2007). McManus (2006) found that educational institutions need to understand student expectations in these areas to provide them with a suitable learning environment. Geall (2000) provides evidence of how feedback to students is important given that interaction with lecturers is considered to be an important part of the learning experience. The universities should continuously review the academic programs in terms of their content and quality and should recognize the contribution made by the academic staff in terms of student retention and satisfaction.

The concept of customer satisfaction in the Higher Education context focuses on the student community (Onditi & Wechuli, 2017), namely the subjective assessment of students on a number of outcomes and experiences related to education. Student satisfaction is the level at which an institution's performance meets student expectations (Saleem et al., 2017). Student satisfaction is influenced by their expectations and perceptions of services and the quality of services provided.

There are 3 (three) benefits of student satisfaction, namely for individuals, institutions, and social. Based on institutional arguments, satisfied students will most likely continue their studies and also succeed academically (Saleem et al., 2017). This will help the University to maintain a sustainable competitive advantage in current higher education competition (Huang, Liu, Chang, 2012). Helgesen and Nesset (2007) state that the reputation of the institute is an important consideration in determining the level of student satisfaction.

Thus it can be explained that the reputation of the institution has an important role in creating student satisfaction that is needed by the educational institution. Satisfied students will convey positive things from the institution to their colleagues, juniors, parents, and the community. After students are satisfied, will they be loyal? Much research has been done about the relationship between satisfaction and loyalty. Most stated that satisfied students usually behave loyal to their institutions, even though the truth is that satisfaction and loyalty are different things.

According to Oliver (1999) the relationship between satisfaction with loyalty includes separate manifestations of the same concept, satisfaction is the basic concept for the achievement of loyalty, loyalty is an element of satisfaction but only one of its components, highest loyalty is the ultimate existence where satisfaction and loyalty are components -components, some parts of satisfaction are found in loyalty, satisfaction is the beginning of a sequential transition that culminates in loyalty. It is natural that the relationship between the reputation of an institution and student loyalty is stronger if through the intermediaries of student satisfaction than the direct relationship.
between the reputation of the institution and student loyalty, because satisfaction will be able to form loyalty.

CONCLUSION
Student loyalty can be formed through student satisfaction that is built in tandem with the reputation of the institution. Building the reputation of institutions covering all aspects such as education programs, infrastructure, quality of services, quality of teaching and learning processes, quality of research and community service, quality of education supporters, and ease for graduates to get jobs must be programmed and sustainable.

Building a reputation in a consistent and sustainable manner will also improve results such as improving tertiary ranking, improving the value of accreditation of institutions / study programs, and improving the image of institutions. Simultaneously this condition and achievement will create student satisfaction.

Good reputation of the institution and student satisfaction will strengthen student confidence and be a trigger for students to be loyal to their institutions through various actions for example by promoting, recommending, and re-electing institutions to continue their education.

Indicators on institutional / Polytechnic reputation variables and indicators on student satisfaction variables are still general in nature and are very likely to be developed in accordance with the needs and changes in current Government regulations.

The next researcher can develop indicators of the variable reputation of the institution / Polytechnic and the variable of student satisfaction. The population can also be developed into a Polytechnic student in areas that may be very sensitive to Education rates.

REFERENCES


