THE IMPACT OF CORPORATE IMAGE ON STUDENTS’ SATISFACTION AND LOYALTY

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Over the last few years, institutional image has become an important element to the competitiveness of higher education institutions. The increase in the number of both public and private higher education institutions (HEI) in Malaysia has resulted in the industry becoming relatively very competitive. The situation calls for HEIs to focus on establishing a strong corporate image by improving students’ satisfaction and loyalty. Thus, this study aims to examine the relationship between the students’ satisfaction and loyalty towards corporate image of UiTM Kuala Terengganu. A sample of 306 students was selected among undergraduate students at UiTM Kuala Terengganu. Descriptive analysis, Pearson correlation and multiple regressions were employed to achieve the objectives of the study. The findings of the study illustrate that, students’ satisfaction and loyalty were found to be significant drivers of the corporate image of UiTM Kuala Terengganu which students’ loyalty emerged as the main predictor. Research findings confirmed that the positive relationship between students’ satisfaction and loyalty towards corporate image of UiTM Kuala Terengganu which students’ loyalty emerged as the main predictor. Based on these findings, implications and some recommendations are made for policy makers and also future studies.

Keywords: Corporate image, satisfaction, loyalty, University

INTRODUCTION

Over the last few years, institutional image has become an important element to the competitiveness of higher education institutions. The increase in the numbers of both public and private higher education institutions (HEI) in Malaysia has resulted in the industry becoming relatively very competitive. The situation need for HEIs to focus on establishing a strong corporate image to secure students’ satisfaction and their loyalty to the institution. In a competitive market, perhaps looking at the relationships amongst corporate image, student satisfaction and loyalty would provide some useful insights to the management of higher learning institutions in terms of meeting the new assignment to increase students’ enrollment.

The practice of ascertaining factors which influence customer satisfaction and loyalty is observed to be widely accepted by most private service business organisations which usually operate in a highly competitive market. Nevertheless, such practice has received less attention from most public institutions, including the public HEI in Malaysia (Alves & Raposo, 2010; Cater & Yeo, 2016). Since the higher education industry is becoming more competitive, it is important to ascertain the driving factors which influence students’ satisfaction and loyalty in the effort to enjoy the benefits of securing customer satisfaction and loyalty enjoyed mostly by the counterparts in the private industry.

Although many studies have been done on the relationship between customer satisfaction, customer loyalty and corporate image on consumer and retail industries (Kim, et. al. 2016; Mohd Mokhtar & Yus, 2016; Hussain, 2015; Zameer, et. al. 2015) but none or very few studies have measured these variables on public university in Asian country. It is also interesting to study how these variables can significantly related to an education sector. Due to the evolution of education sector, it becomes a great challenge for the education sector in Malaysia to maintain corporate image through customer satisfaction and customer loyalty.

With reference to the higher education university environment, there is no doubt that it is becoming increasingly important that universities have a distinct image in order to maintain their competitiveness in the market (Parameswaran and Glowacka, 1995). In fact, many universities have invested a lot of money to develop and project the image which reflects both “prestige” and “quality” to impress the public (McPherson and Schapiro, 1998). As compared to those involved in producing tangible products, it becomes more challenging for service providers to distinguish themselves from other competitors since services are intangible.

LITERATURE REVIEW

Corporate Image

Corporate image, customer satisfaction and customer loyalty are related to each other. Mat’ova, et. al. (2016) had measured corporate image based on the seven dimensions and found that the company with positive corporate image scores high in agreeableness, enterprise and competence in which these three dimensions strongly effect customer satisfaction. This finding also supported by Lahap, et. al. (2016) where they revealed that brand image can influence customer satisfaction in Malaysian hotel industry. Vice versa, finding by Zamee, et al., (2015) shows that increase in customer satisfaction can lead to strong corporate image. Kim, et. al. (2016) in their study found that corporate image can influence customer satisfaction which then resulting in customer loyalty. Plus, Mohd Mokhtar and Yus (2016) had highlighted corporate image as one of the four constructs that positively influence customer loyalty. Same finding also found by Osman, et. al., (2015) where they reveals that performative images, one of corporate image dimensions can effects customers’ behavioral loyalty. On the other side, Seval and Caner (2015) show that human resource management functions also give positive impact towards corporate image. Meanwhile, Abdul Rahman
and Abdul Rashid, N., (2015) found that CSR strongly influence the corporate image and loyalty. In contrast, Afifah and Asnan (2015) found that CSR cannot effect customer satisfaction and customer loyalty. However, customer satisfaction can significantly affect the customer loyalty.

In some research, corporate image, customer satisfaction and customer loyalty also have been tested as mediator. Chang and Yeh (2017) found that corporate image can be mediator for relationship between corporate social responsibility (CSR) and customer satisfaction. Meanwhile, customer satisfaction can be mediator for relationship between CSR and customer loyalty. Therefore, they suggest that corporate image and customer satisfaction should be considered in developing CSR policy in order to increase customer loyalty. This finding is supported by Xie, et. al., (2017) that also claim customer satisfaction can be mediator in CSR efforts and financial performance relationship. In addition, Hussain (2016) also confirmed that customer satisfaction can be mediator in examining the relationship between the three variables (service quality, corporate image, perceived value) and brand loyalty.

Numerous definitions of corporate image are found in the psychology and marketing literature. Institutional image is described as the overall impression on the minds of the public about an organization (Barich and Kotler, 1991). It is related to the various physical and behavioral attributes of the organization, such as business name, architecture, variety of products and services, tradition, ideology, and to the impression of quality communicated by each person interacting with organization’s clients. Other aspects, such as corporate identity, level and quality of advertising, and delivery systems also contribute to corporate image.

Gregory (1991 and 1999) says every company has an image, whether planned or not and a good image can offer much to an organizational success. A favorable corporate image is an important resource as it provides organizations with a competitive advantage by stimulating potential publics. Sung and Yang (2008) reviewed the academic literature and found several studies showing that corporate image is important to attract potential publics, enhance buying intentions and satisfaction, develops loyalty and increase sales. Ferrand and Pages (1999) believe corporate image to be of such value that they refer to it as “image capital” adding that it can serve to differentiate organizations that in other respects may be similar if not identical. They say image can create value and impact on consumer behavior but can include perceptions, which may or may not reflect the objective truth.

The most recent and relevant (with respect to the current study) study of university image examined factors associated with the image of one university held by individuals throughout the university’s home state. This study (Kazoleas et al., 2001) found that image factors controlled by the university itself (e.g. existence of particular programs, strength of academic programs, sports programs, libraries, and technical facilities) were stronger predictors of overall image ratings than were demographic characteristics of respondents or environmental factors (e.g. location, expense compared to other universities, and admissions standards compared to other universities) and that personal experiences with the university in question had a greater impact on overall image than did media exposure related to the university.

**Student’s Satisfaction**

Customer satisfaction is defined as a response to an evaluation process (Giese & Cote, 2002; Oliver, 1997). Customer satisfaction is also influenced by emotional and affective responses (Cadotte, et. al. 1987). The concept of a student satisfaction is derived from the concept of customer satisfaction. Customer satisfaction not only plays an essential role in marketing, but also a critical role in persuading consumers to make repurchases (Churchill & Surprenant, 1982). However, in conflict with the traditional concept of consumer satisfaction, Oliver & Swan (1989) argued that satisfaction is an emotional factor. Thus, satisfaction can be considered as a reflection of life experience: it is a subjective view based on personal experience, individual beliefs and relationships.

Hussain (2016) and Parasuraman, et. al. (1990) proposed that the concept of satisfaction could be equated to the gap between real-life experiences and expectations. However, all the concepts mentioned above are from a business operation viewpoint to discuss customer satisfaction. Stone and Thomson (1987) indicated that the notion and the contents of customer satisfaction should be modified for educational application. It should include constitutional amendments, administrative policies, educational goals and educational processes.

While most student satisfaction study focus on the perspective of customer, researchers is facing a problem of creating a standard definition for student satisfaction thus providing a need of customer satisfaction theory to be selected and modified so that it can explain the meaning of student satisfaction (Hom, 2002). Even though it is risky to view students as customer, but given the current atmosphere of higher education marketplace, there is a new moral prerogative that student have become “customer” and therefore can, as fee payers, reasonably demand that their views be heard and acted upon (William, 2002).

**Student’s Loyalty**

Oliver (1999: 33) defines loyalty as “a deeply held commitment to rebuild and re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviors”. Customer loyalty is also defined as “the strength of the relationship between an individual’s relative attitude and re-patronage”. Thus, student (customer) loyalty has recently become a very important strategic theme for institutions offering higher education (Henning-Thuraus et al., 2001; Marzo-Navarro et al., 2005a). Student (customer) loyalty is supposed to be positively related to student (customer) satisfaction and to the performance of an educational institution (business unit), at least in the long run (Kim, et. al. 2016; Kotler and Fox, 1995; Zeithaml, 2000; Helgesen, 2006). This link between customer satisfaction and the performance (profitability) of a business unit forms the cornerstone of the marketing concept (Drucker, 1954; Felton, 1959; Grönroos, 1989).
Researchers have perceived and defined the concept of loyalty in a number of different ways. Loyalty is assumed to be positively related to the ability of an institution to both attract new students and retain existing ones (Dick and Basu, 1994; Oliver, 1997; Henning-Thraus et al., 2001). Increased global competition among institutions offering higher education means that retaining matriculated students is just as important as attracting and enrolling them (Kotler and Fox, 1995; Elliott and Healy, 2001).

Student loyalty, however, is not restricted to the period during which students are formally registered as students. The loyalty of former students can also be highly important for an educational institution. Therefore, student loyalty can be related both to the period when a student is formally enrolled as well the period after the student has completed his or her formal education at the institution. An institution offering higher education naturally has as one of its primary goals to have students who are committed to the institution despite situational influences (action loyalty).

After graduating, a loyal student may continue to support his or her academic institution financially (through donations or financial support of research projects), through word-of-mouth promotion to other prospective, current, or former students and through some form of cooperation (by offering placements for students or by giving visiting lectures). Clearly, the advantages (to the university) of student loyalty are not limited to the time that the student spends in the university; indeed, these advantages are at their greatest after the student graduates. Student loyalty should therefore be interpreted as a multiphase concept that stretches from enrollment through to retirement and beyond.

**Research Objectives**

Generally, the purpose of this study is to determine the corporate image projected by UiTM Kuala Terengganu. The specific objectives are:

1. To identify whether there is a relationship between the students’ satisfaction and the University’s corporate image.
2. To investigate whether there is a relationship between the students’ loyalty and the University’s corporate image.
3. To determine whether there is a relationship between the students’ satisfaction and their loyalty to UiTM Kuala Terengganu.

**Hypotheses Formulation**

From the above research objectives, the following hypotheses emerge:

- $H_1$: There is a positive relationship between the students’ satisfaction and University’s corporate image.
- $H_2$: There is a positive relationship between the students’ loyalty and University’s corporate image.
- $H_3$: There is a positive relationship between the students’ satisfaction and their loyalty to UiTM Kuala Terengganu.

**METHODOLOGY**

**Sampling and Data Collection**

This research exclusively examined responses by undergraduate students in UiTM Kuala Terengganu. The up-to-date list of the students was obtained from the Integrated Student Information System (ISIS) UiTM, and Academic Affairs Department, UiTM Kuala Terengganu. There was 1504 undergraduate student in the campus for the current semester of July-November 2010. Thus, the total population is 306. The study applies stratified sampling method whereby the faculties is divided into five namely, faculty of business management, accountancy, science, art and design and office management and technology.

For the purpose of data collection, a total of 306 questionnaires were distributed. These questionnaires adopted self-delivered approach. A cover letter was attached to the questionnaire explaining the purpose of the study and to ensure the confidentiality of the questionnaire.

A pilot study was then conducted and a total of 30 questionnaires were distributed to 30 respondents respectively. All variables show the high Alpha values with corporate image is the highest at .935, followed by students’ loyalty .851 and students’ satisfaction .837.

**FINDINGS**

The descriptive statistic for respondent profile indicates that out of 306 respondents, most of them were female with the percentage of 75.8% while the remaining 24.2% were males. The largest group of the respondents was from the age group of 18-23 years old (98.4%) and only 1.6% represents the age group of 24-29 years old. In the context of percentage according to faculties, it reveals that 23.3% of them were from the Faculty of Office Management and Technology, 20.9% were from the Faculty of Business Management, 20.3% were from the Faculty of Accountancy and 18.3% were from the Faculty of Art and Design. Another 17.3% were from the Faculty of Science. Most of the respondents (23.9%) were in semester 3 followed by semester 1 with 23.5%. Another 15.7% in semester 6, 15.4% semester 5, 11.1% semester 4, 8.5% semester 2, and 1.6% from semester 7. However, only 0.3% of the respondents were in semester 8.
Table 1: Demographic Background

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>74</td>
<td>24.2</td>
</tr>
<tr>
<td>Female</td>
<td>23</td>
<td>75.8</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-23</td>
<td>301</td>
<td>98.4</td>
</tr>
<tr>
<td>24-29</td>
<td>5</td>
<td>1.6</td>
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<tr>
<td><strong>Faculty</strong></td>
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<td></td>
</tr>
<tr>
<td>Office Management and Technology</td>
<td>71</td>
<td>23.3</td>
</tr>
<tr>
<td>Business Management</td>
<td>64</td>
<td>20.9</td>
</tr>
<tr>
<td>Accountancy</td>
<td>62</td>
<td>20.3</td>
</tr>
<tr>
<td>Art and Design</td>
<td>56</td>
<td>18.3</td>
</tr>
<tr>
<td>Science</td>
<td>53</td>
<td>17.3</td>
</tr>
<tr>
<td><strong>Semester</strong></td>
<td></td>
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</tr>
<tr>
<td>Semester 1</td>
<td>72</td>
<td>23.5</td>
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<td>Semester 2</td>
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<tr>
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<td>Semester 6</td>
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<td>Semester 7</td>
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<td>1.6</td>
</tr>
<tr>
<td>Semester 8</td>
<td>1</td>
<td>0.3</td>
</tr>
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</table>

Correlation Analysis

Table 2: Correlation Analysis (n=306)

<table>
<thead>
<tr>
<th>No. Variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
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<th>2</th>
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</thead>
<tbody>
<tr>
<td>1 Students’ Satisfaction</td>
<td>4.087</td>
<td>.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Students’ Loyalty</td>
<td>3.870</td>
<td>.67</td>
<td>.536**</td>
<td></td>
</tr>
<tr>
<td>3 Corporate Image</td>
<td>3.971</td>
<td>.49</td>
<td>.514**</td>
<td>.612**</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Pearson Product-Moment Correlation Coefficient was used to assess the relationship among variables (independent and dependent variables). Table 1 shows the result indicating that independent variables are statistically significant with the p-value of 0.000 at 0.01 significant levels.

Hypothesis 1:

There is a positive relationship between the students’ satisfaction and university’s corporate image.

Table 2 shows the result indicating that independent variables are statistically significant with the p-value of 0.000 at 0.01 significant levels. Based on Guilford’s Rule of Thumb, the students’ satisfaction which represented in Section B has a positive relationship with the university’s corporate image. It indicates a positive and moderate correlation with substantial relationship when referred to strength association with r=0.514. Thus, the finding supported hypothesis 1.

Hypothesis 2:

There is a positive relationship between the students’ loyalty and university’s corporate image.

Based on the results shown in table 4.3, the students’ loyalty (Section C) formed the highest Pearson Correlation analysis with r=0.612, indicating that this variable also has a positive and moderate correlation with a substantial relationship towards the university’s corporate image. Hence, hypothesis 2 was also supported.
Hypothesis 3:

There is a positive relationship between the students’ satisfaction and their loyalty to UiTM Kuala Terengganu.

It is apparent that a positive relationship does exist between students’ satisfaction and their loyalty towards UiTM Kuala Terengganu. It shows that the value of the correlations between students’ satisfaction and students’ loyalty is at .536. Guildford’s rule of thumb indicated that there is a positive and moderate correlation with a substantial relationship between the two variables. Hypothesis 3 predicted that there was a positive relationship between the students’ satisfaction and their loyalty. Hence, the third hypothesis of this study was supported.

DISCUSSION

The study was conducted to examine the factors which influence corporate image through the two variables; students’ satisfaction and students’ loyalty. Pearson correlation and multiple regression analysis were conducted to test the proposed hypotheses. The findings generally supported the earlier empirical studies that there are a substantial relationship between students’ satisfaction and students’ loyalty towards university’s corporate image. The results also revealed that there is a positive correlation between students’ satisfaction and their loyalty to the university.

Based on the findings, students’ satisfaction and students’ loyalty were found to be significant drivers of corporate image of UiTM Kuala Terengganu which the latter emerged as the main predictor. The findings were also supported by other studies that students’ loyalty positively influence corporate image of university (Alves & Raposo, 2010; Khalifa & Mahmoud, 2016; Santini et. al. 2017). After graduating, a loyal student may continue to support their academic institution, whether financially or through word of mouth to other prospective, current or former students or even through some form of cooperation (Henning-Thurau et al., 2001). In this sense, loyalty can be measured through intention to continue to use education and conferences at the higher education institution in the future and recommend the higher education institution with its study programmes. In other words, loyalty can be measured through the intention of the students to choose the same study programme and higher education institution in the future (Martensen et al., 1999).

Apart from that, the findings were supported by other studies that students’ satisfaction has a significant relationship towards university corporate image. This study supported the findings on high student satisfaction on quality teaching, facilities, and internship in Malaysian higher education (Carter & Yeo, 2016). The research done by Helgesen and Nesset (2007) and revealed that students’ satisfaction to have a positive impact on student perception of the university image. There are extensive evidences proving the significance of effect of students’ satisfaction on image. The results reached in the studies of Oliver and Linda (1981), Bolton and Drew (1991) suggest that customer satisfaction has an influential effect on corporate image of institution. Hence, securing students’ satisfaction and students’ loyalty is vital in every institution in projecting good corporate image among its stakeholders. It is possible to say that to measure and understand the student satisfaction and loyalty is very important because of its influence over university image formation process. The findings also supported that there is a positive relationship between students’ satisfaction and students’ loyalty on UiTM Kuala Terengganu. As supported by Kim, et. al., (2016) in their study there is a link between customer satisfaction and loyalty. Increased customer satisfaction leads to the increase in customer loyalty towards the university. This research supported the findings on there is a positive relationship between the corporate image, customer satisfaction and service quality (Zameer, et. al. 2015).

Based on the results, it is proven that the students’ satisfaction and students’ loyalty have a significant positive relationship with corporate image. Thus, it confirmed, what other literature try to suggest here, which is by meeting students’ satisfaction as well as securing students’ loyalty, it may potentially improve the corporate image of the university. This study also confirmed the correlation between students’ satisfaction and students’ loyalty towards UiTM Kuala Terengganu. Research findings revealed that there are positive relationships between these two variables. Hence, the result shows that students’ satisfaction is important in determining loyalty. Institutions that would like to achieve the loyalty of their students must have an impact on student satisfaction.

CONCLUSION AND IMPLICATION

The study has substantially contributed to customer loyalty, customer satisfaction, corporate image literature. The study implies that the universities are concerned with dominant factors such as students’ satisfaction and loyalty will result in improving their positive image of the institution. The positive university image is very important to attract and retain good students. Thus, this makes them loyal to the university.

The management of the universities should pay attention in developing their educational institution in various aspects of the students’ satisfaction and students’ loyalty perception. Further, the findings provided an important implication to the management which suggested that by maintaining a favorable corporate image of the university, it would be able to increase the loyalty of undergraduate students. Indeed, the university could benefit from the behavior of its satisfied students. These results also suggested that, universities or similar institutions should focus on image enhancement efforts by the way that they deliver services to the students. The results from this study indicated satisfaction itself directly motivates loyalty intentions. Satissactions rates as an important contributor to any theory aimed at increasing loyalty intentions. Thus, satisfaction may have a use as an important factor in predicting loyalty intention among students towards UiTM itself. This study can be beneficial to all universities to enhance the favorable Asian educational environment.
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