The Effect of Quality Service and Corporate Image on Students' Loyalty : A Case Study of a Business College in Jakarta

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Abstract

This study was conducted to determine the influence of service quality, the corporate image partially and simultaneously towards students' loyalty. This study uses the correlational method approach to see how big the effect of independent variables towards the dependent variable. This study took the sampling as many as 89 respondents using Slovin Formula and the study population as many as 772 students of regular classes. Each respondent was given a total of 39 closed ended questions with five alternative answers using a Likert Scale. There is a positive and significant effect of service quality and corporate image partially or simoultaneously on the students loyalty in a college. Somewhat positive and significant has a meaning that there has been established a causality relational mechanism among the service quality, the corporate image and students' loyalty variables. The causality relations means that if the service quality and the corporate image jointly enhanced or increased then it can be simultaneously followed by the increase in the student's loyalty. The statistical measurement showed that the equal regression of the service quality has a greater influence than the influence of the corporate image towards students' loyalty.

Key Words: s*ervice quality, corporate image, students' loyalty.*

Background of the study

Institution's as an educational institution has a major role to the development of human resources (HR) and increased the competitiveness in society. Educational institution is a place to prepare the establishment of quality human resources needed for the future development. The most serious challenge to develop the human resources lays on the higher education institution which is believed to have high efforts to prepare superior human resources. Through the existing institutions of higher education, it is expected that we can obtain the knowledge absorption and uptake the information technology.

The satisfaction of users (students) is also a measure of success of educational institution in management and still maintaining academic quality as the product and services that must be achieved. One of the responsibilities of educational institutions to the service user is maintaining the quality of education through the recognition of the National Accreditation Board. Accreditation of study program is a form of accountability of universities to the public. This means that people will choose the education agency that has been accredited which quality has been assessed by a group of experts and found eligible (Directory of the KOP III, 2010).

Along with the development of globalization, the educational institutions in this regard universities must plan a program for improving the quality of services by considering the gap between the expected services and the perceived services. With the change in the services provided, the institution is expected to thrive when creating satisfaction through products and services rendered. One of the factors that people consider when choosing the institution is the demand of producing good quality graduates. However, the reality happens is the lower interest of secondary school graduates to continue to higher education level. It can be seen from the reduction in the number of new students in colleges each year in most of the provinces in Indonesia (Directory of the Kop. III, 2010). This shows the confidence crisis of the high school graduates to colleges in Indonesia, including Jakarta. So the interest to continue their education decreases every year.

The decline in loyalty is also characterized by a reduced number of bachelor's degree who continue their studies to master's degree. There is an unconfident impression to recommend the institutions to people. This happens because there are many complaints about the service given by the employees which are less friendly, a lack of academic officers on duty, inadequacy of facilities and infrastructure, limited parking areas and even the lack of availability of computer and accounting laboratories. The cost of higher education is also one of the factors which decreases the level of student's loyalty. Student's (customer) loyalty may be formed and enhanced through the improved quality of service. If the complaints from students can be solved well, then they will try to finish their studies to the highest level .Therefore, service and image become important factors for the successful marketing of an organization (Buchari and Hurriyati, 2008). Conversely, if the customers (students) are not satisfied with the services provided, the corporate image will look less qualified and will impact on less popular among students and the community. As a result, the campus is recommended as a university that is unable to produce high-quality graduates. This obviously impacted on the declining number of new students of the academic year 2014-2015. This background indicates the existence of problems in service to students and the lack of students' interest to further studies to a higher level. Therefore a study on   the effects of service quality and corporate image towards the loyalty of students should be conducted.

Problem Identification

Based on the above research background, it is known that the performance services determine the level of students' satisfaction and loyalty. The corporate image also contributes to the improvement of students' loyalty. If the image formed is not good then the level of students' loyalty will decline and will reduce the number of students from year to year. Given the student complaints about the higher tuition fees, less service excellence to students and limited facilities and infrastructure as well as the types of courses that are less diverse, then the problem needs to be more specifically identified. The first is related to the factors will be assessed. The factors are defined into two factors namely the quality of service and the corporate image as an independent variable, while the dependent variable is the students' loyalty. In accordance with the limitation issue that has been described previously, the formulation of the problem which will be examined in this study can be formulated as follows: (1) how is the quality of service in higher education institution? (2) How is the corporate image of the institution from the students' perspectives? (3) How big is the influence of the service quality and the corporate image on students' loyalty partially or simultaneously?

Research Methodology

This study used survey method with the co relational approach. According to Arikunto (2000: 212) survey is one of approaches used by researchers in the fields of: sociology , business, politics , government and education. The survey aims to provide an overview of the use of each variable by analyzing correlations and independent variables on the dependent variable. This study aims to determine whether the quality of service and the corporate image of the institution either partially or simultaneously affect the loyalty of students.

Data Types

Data used in this study are primary data and secondary data. Primary data is the raw data that is collected, sorted, and processed directly taken using a questionnaire as a research instrument (Research Indonesia. http://www.research-indonesia.blogspot.com.Retrieved 12 March 2014). Questionnaires submitted to the respondents are 39 questions consisting of a variable quality of service as many as 14 questions, the corporate image as many as 13 questions and students' loyalty variables as many as 12 questions. The questionnaires were given to 89 respondents with the following alternative answers:

1) Strongly Agree (SA) with a score of 5
2) Agree (A) with a score of 4
3) Not Sure (NS) with a score of 3
4) Disagree (D) with a score of 2
5) Strongly Disagree (SD) with a score of 1

Secondary data is data the authors obtained in the form of annual report in the internal quality asurance systems in 2012-2013, academic information systems, scientific literature, concerning marketing, and research methodology.

Data collection technique

The technique of collecting secondary data and primary data used in this study are questionnaire, observation and sampling. Research questionnaire were prepared by providing closed ended questions and alternative answers to be submitted to the study samples. The scale used in this study is a Likert scale with five alternative answers. The author conducted a direct observation of the subject, object or sistematic event in the campus environment. In this study, the sampling technique used is the *Probability Simple Random Technique* to provide equal opportunities to each member of the population to be elected as members of the samples (Siregar, 2012: 31) . The technique determining the sample size refers to the formula of Slovin (Siregar , 2012: 34) as follows :

$$n = \frac{N}{1+N(e)^2}$$

Notes :

n   = sample size
N   = population size
e   = percentage of mistakes in data collection.

Based on the above Slovin formula, the sampel can be counted as follows:

$$n = \frac{N}{1+N(e)^2} = \frac{772}{1+772(0,1)^2} = \frac{772}{1+7,72} = 88,53$$

According to Sugiyono (2011: 90), calculation that produces a fraction (found comma) should be rounded up . Referring to such opinion and based on calculation of sampling, the numbers of samples are 89 respondents.

Validity and Reliability

According to Arikunto (2005: 208) , " an instrument is said to be valid if it is able to measure what it wants " . Statistical formula used is the Statistics of Product Moment Correlation Coefficient as stated in Siregar (2012: 48) :

$$r_{xy} = \frac{n(\sum XY) - (\sum X).(\sum Y)}{\sqrt{\{n.\sum X^2 - (\sum X)^2\}.\{n.\sum Y^2 - (\sum Y)^2\}}}$$

Notes:

r_{xy} : Correlation Coefficient
$\sum X$: Number of grain score
$\sum Y$: The total score of grain
$\sum X^2$: Number of score of grain squares
$\sum Y^2$: Number of total squares of grain score
$\sum XY$: Number of multiplication score of grains with the total score of grains.
n : Lots of testing samples (respondents)

The rough figure is relatively easy and will be able to avoid fractional numbers . As for the correlation calculation based on the provision that if r xy>rtable siginificance 5 % means the item (items) declared valid. Conversely, if r xy<rtable then items are invalid or have no requirements according to Cooper (2000) as cited in Agung and Putri (2012).

Reliability is to determine the extent to which the measurement results remain consistent if measurements were taken twice or more towards the same symptoms using the same gauge as well (Siregar, 2012: 55) . Measurement reliability used Alpha Cronbachnamely:

$$r_{11} = \left(\frac{k}{k-1}\right)\left(1 - \frac{\sum \sigma_b^2}{\sigma_t^2}\right)$$

Notes :

r_{11} = coefficient of instrument reliability
k   = number of questions
$\sum \sigma_b^2$ = number of variants item
σ_t^2 = the total variants

Criteria of reliable research instrument is said to use this technique if the reliability coefficient (r11) > 0.60 (Siregar , 2012: 57) . Reliability testing in this study uses SPSS for Windows 20.0.

Data Analysis

Technical data analysis consists of statistical descriptive analysis and inferential statistical analysis. Satistical descriptive analysis describes the distribution of data in each variable which consists of: (1) Data Distribution Analysis of Service Quality Variable, (2) Data Distribution Analysis of the Corporate Image Variable, and (3) Data Distribution Analysis of Students' Loyalty.

Data Distribution Analysis of Service Quality variable

The result of the questionnaires about quality of services that have been received from 89 respondents were tabulated and then a frequency distribution was made. Data distribution of service quality was first grouped into grade intervals. These groupings were taken from the lowest value to the highest one. Thus empirical score range was obtained between 25 and 56 with the range of 31. Then, from the data processing, it was obtained an average score (mean) of 42.38, median: 43, mode: 46, standard deviation: 5,834 and variance: 34.034. The frequency distribution according to Sturgess formula for the service quality data was 7 grade interval with the length of grade interval was 4 (Table 1).

Based on the table, it can be seen that the average score is 23 respondents or 26%, a score below the average is 31 respondents or 35 %, and a score above the average is 35 respondents or 39%. The distribution frequency of service quality variable is also presented in the form of a histogram. The histogram shows the symmetrical curved lines forming a bell, as well as median and mode of approaching the average. This shows the normal distribution of data quality services (Figure 1).

Data Distribution Analysis of the Corporate Image Variable.

Data Distribution of the Corporate Image Variable must first be grouped into grade intervals. From the data obtained, empirical score range was found between 31 and 55 with the range of 24. Then from the data processing, it was found that the average score range (mean) is 41.6, median: 41, Mode: 40, standard deviation: 5.325 and variance: 28.357. Preparation of the frequency distribution according to the Sturgess formula for the corporate image was 7 grade interval with the length of grade was 3 (table 2). Based on the table, it can be seen that the average score is 19 respondents or 21%, a score below the average is 51 respondents or 57%, and a score above the average is 19 respondents or 22%. The frequency distribution of the image of institution variable is also presented in the form of a histogram. The histogram shows the symmetrical curved lines forming a bell, as well as median and mode of approaching the average. This shows that the corporate image data is normally distributed (Figure 2).

Data Distribution Analysis of Students' Loyalty Variable

Data distribution of students' loyalty variable are first grouped into class intervals. From the data obtained empirical score range between 21 and 54 with the range of 33. Then from the data processing, it was obtained an average score (mean) of 37.60, median: 39, Mode: 42, standard deviation: 6.960 and variance: 48.448. Preparation of the frequency distribution according to the Sturgess formula for the corporate image was 7 interval grade with the length of grade was 4 (table 3). Based on the table it can be seen that the average score is 30 respondents or 34%, a score below the average is 27 respondents or 30%, and a score above the average is 32 respondents or 36%.

The frequency distribution of the corporate image variable is also presented in the form of a histogram. The histogram shows the symmetrical curved lines forming a bell, as well as median and mode of approaching the average. This shows that the students' loyalty is normally distributed (Figure 3).

Inferential Statistical Analysis

Inferential statistical analysis is done by testing the hypothesis that aims to identify linkages / relationships between variables using the F test (ANOVA) . The hypothesis can be seen as follows:

H0 = means no interaction between the Quality of Service with the Corporate Image
H1 = means no interaction between the Quality of Service with the Corporate Image

On the basis of decision-making which refers to the probability value and significance table, the data is illustrated in Table 4 .Then calculation is done by SPSS for Windows v. 20 (Table 5) .From the above calculation, it can be seen that Fcalculation is 13.741 (X1) and 2,937 (X2) with probability and significance of 0.000 and 0.001 since the probability of < 0.05 and sig. < 0.01 then H0 is rejected , or it can be said that there is interaction between Service Quality and the Corporate Image.

Discussion

The results of the study refer to the analysis of quantitative data which include the measurement and testing of four hypotheses. Based on the average number of interpretation obtained which is 3.03, it can be said that the service quality is still quite good but yet has to be improved . Improved quality of service is needed, especially on the expansion of the parking area, the quick service of academic and financial division as well as fulfillment of the promise given to the students at the time of registration. Based on the average number of interpretation which is 3.20 it can be said that the corporate image is quite good. Nevertheless, this business college still needs to create the better image of the corporate in order to increase the loyalty of students for example by updating the curriculum that meets the market demands, developing students' activities and providing a comfortable academic atmosphere. Based on the average number of interpretation obtained which is 3.13, the author then concluded that the loyalty of students was classified as moderate and not optimal. To that end, the institution should seek the loyalty level of students by improving the infrastructure and facilities to support learning and improving the positive image to the students. While testing the first hypothesis to the influence service quality and the corporate image partially and simultaneously on students' loyalty, it was known that H0 was rejected and H1 was accepted. Thus, it can be stated that there is a positive and significant effect on the service quality towards students' loyalty which is 0,849 and the contribution to the service quality on students' loyalty is 72%.

From the results of this analysis, it can be interpreted that the quality of service, customer satisfaction and profitability of the institution are inextricably linked . The higher the level of service quality, the higher the level of customer satisfaction and will have an impact on customer loyalty, in this case students. In order the business colleges will always be approachable and remembered by customers (students) then best service should be provided according to the pattern of Adya Barata (2003: 23), among others through the following manners: to take into account the development of needs and wants of customers from time to time and to provide customers' needs in accordance with the requirements even exceeding what they expected and treat customers with the best service pattern.

Conclusion

From the discussion above, it can be concluded that the survey results revealed that the variable of service quality obtained, amounted to 3.03 and classified as a category of quite good. The components that was considered less service quality are the campus buildings, the number and condition of the computer labs, completeness and diversity of books in the library, adequacy of parking space, as well as the suitability of the promise given covering the quick service of Academic, and Finance divisions. The survey result revealed that there is a positive and significant effect on the quality of service towards students' loyalty and the research found that variables of service quality have a greater influence on students' loyalty.

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Appendices

Table 1: Distribution of Service Quality Variable Frequency (X$_1$)

Grade No	Grade Interval	Frequency		Frequency	
		Absolute	(%)	Cumulative	(%)
1	25 - 29	1	1%	1	1%
2	30 - 34	8	9%	9	10%
3	35 - 39	22	25%	31	35%
4	40 - 44	23	26%	54	61%
5	45 - 49	28	31%	82	92%
6	50 - 54	5	6%	87	98%
7	55 - 59	2	2%	89	100%
Total		89	100%		

Source: Research Data Processing

Table2: Distribution of Corporate Image Variable Frequency(X$_2$)

Grade No	Grade Interval	Frequency		Frequency	
		Absolute	(%)	Cumulative	(%)
1	31 - 34	9	10%	9	10%
2	35 - 38	14	16%	23	26%
3	39 - 42	28	31%	51	57%
4	43 - 46	19	21%	70	79%
5	47 - 50	16	18%	86	97%
6	51 - 54	2	2%	88	99%
7	55 - 58	1	1%	89	100%
Total		89	100%		

Source: Research Data Processing

Table 3: Distribution of Students'Loyalty Frequency (Y)

Grade No	Grade Interval	Frequency		Frequency	
		Absolute	(%)	Cumulative	(%)
1	21 - 25	5	167%	5	6%
2	26 - 30	13	15%	18	20%
3	31 - 35	9	10%	27	30%
4	36 - 40	30	34%	57	64%
5	41 - 45	23	26%	80	90%
6	46 - 50	6	7%	86	97%
7	51 - 55	3	3%	89	100%
Total		89	100%		

Source: Research Data Processing

Table 4: Decision Making in Inferential Statistic

Probability	sig.	H_0	Decision
-	< 0,01	RejectH_0	Very Significant
<0,05	<0,05	RejectH_0	Significant
>0,05	>0,05	Accept H_0	Not Significant

Table 5: Result of Inferential Statistic Calculation ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Service Quality	Between Groups	2256.142	16	141.009	13.741	.000
	Within Groups	738.869	72	10.262		
	Total	2995.011	88			
Corporate Image	Between Groups	985.560	16	61.597	2.937	.001
	Within Groups	1509.879	72	20.971		
	Total	2495.438	88			

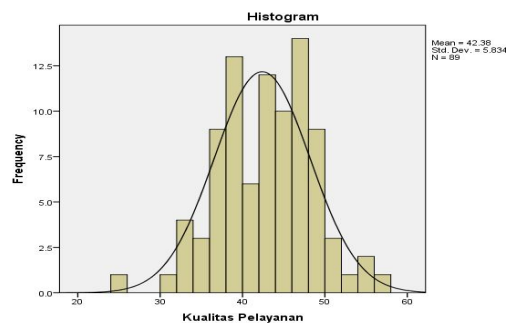**Figure 1: Histogram of Service Quality (X_1)**
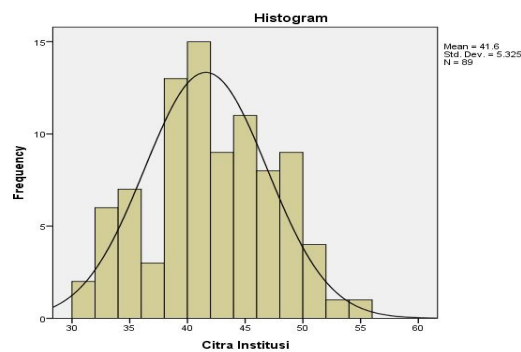

Figure2: Histogram of Corporate Image (X_2)

Figure3: Histogram of Students' Loyalty (Y)