

# THE EFFECT OF SERVICE QUALITY AND INSTITUTIONAL IMAGE ON STUDENT LOYALTY THROUGH SATISFACTION AS AN INTERVENING VARIABLE AT BATTUTA UNIVERSITY

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## Abstract

Universities play an important role as the main pillar in driving national transformation, both in terms of economy, social, and culture. In the era of globalization and revolution 4.0, the role of universities is becoming increasingly crucial in preparing the next generation to be competitive and innovative. The current phenomenon is that universities, especially private universities whose main source of funding comes from students, are experiencing problems with low levels of student loyalty. Several experts argue that student loyalty is greatly influenced by the level of student satisfaction which is factored by the quality of service and the image of the university itself. The purpose of this study is to determine and analyze the effect of service quality and institutional image on student loyalty at Battuta University through satisfaction. This type of research is associative research and the data used is quantitative data. The population of this study was all students of Battuta University, totaling 701 students. The technique for determining the number of samples used the Slovin formula so that a sample size of 258 students was obtained. The data analysis used is Partial Least Square Structural Equation Modeling. The results of the study directly show that service quality has a positive and significant effect on satisfaction, institutional image has a positive and significant effect on satisfaction, service quality has a positive and significant effect on student loyalty, institutional image has a positive and significant effect on student loyalty, and satisfaction has a positive and significant effect on student loyalty. Indirectly, service quality has a positive and significant effect on student loyalty through satisfaction, as well as institutional image has a positive and significant effect on student loyalty through satisfaction.

**Keywords:** *Service Quality, Institutional Image, Satisfaction, Student Loyalty*

## 1. INTRODUCTION

At this time, higher education is very important for the progress of society. According to Soedjarwo (2021), universities are places to gain knowledge, skills, think creatively, and conduct research. Universities help students understand the world and develop critical thinking as well as good character and morals. In addition, universities also shape human resources that are competitive in the global job market. Higher education is now experiencing intense competition, with students expected to pay for their own education. Therefore, universities need to build student loyalty. Student loyalty is the loyalty to continue using educational services from the university and recommending it to others (Subrahmanyam, 2018). Student loyalty is important for the continuity of the university. Loyalty indicators include retention, repeat, and referral (Tjiptono, 2019).

Retention means that students continue to utilize educational services, repeat refers to the repurchase of services, and referral is a positive recommendation. Student satisfaction, which is affected by service quality and institutional image, is key to building loyalty. Service quality involves interactions between students and organizations, and affects student satisfaction and loyalty (Situmorang, 2019). Service quality is essential to differentiate and design the competitive strategy of every organization, both manufacturing and services (Rini, 2019). In higher education, HEdPERF or commonly called Higher Education Performance is a tool to measure service quality that includes academic, non-academic, access, program issues and reputation aspects.

The quality of education services by universities is important for a customer-oriented education strategy. Service quality is assessed based on student perceptions and includes academic, administrative, and facilities (Sultan, 2014). Service quality affects student satisfaction and loyalty which can encourage them to continue using and recommending university services. The organization's desire to have a good image in the eyes of the public

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starts with a proper understanding of the image and the management that must be done. In this case, the accuracy of understanding the image is important so that the organization can determine the right steps to achieve it. The components that form the image of Higher Education include academic reputation, campus appearance, cost, employee services, location, distance from residence, alumni, job placement, social activities, and study programs (Rini, 2019). Consumers choose services not only because of needs, but also because of expectations related to the image that exists in their minds. Therefore, it is very important for institutions to provide information that can form a positive image (Alma, 2018). Kotler & Armstrong (2021) state that image is the way people perceive a company or its products. The image of a university is seen as a whole consisting of ideas about the faculty, curriculum, and quality of teaching. An institution's image includes all the thoughts consumers have about the institution and can vary between individuals or groups. Satisfaction comes from the Latin term meaning good enough or adequate. Satisfaction is defined as an effort to fulfill something. Satisfaction is a person's feeling after comparing the results he feels with expectations (Kotler, 2021).

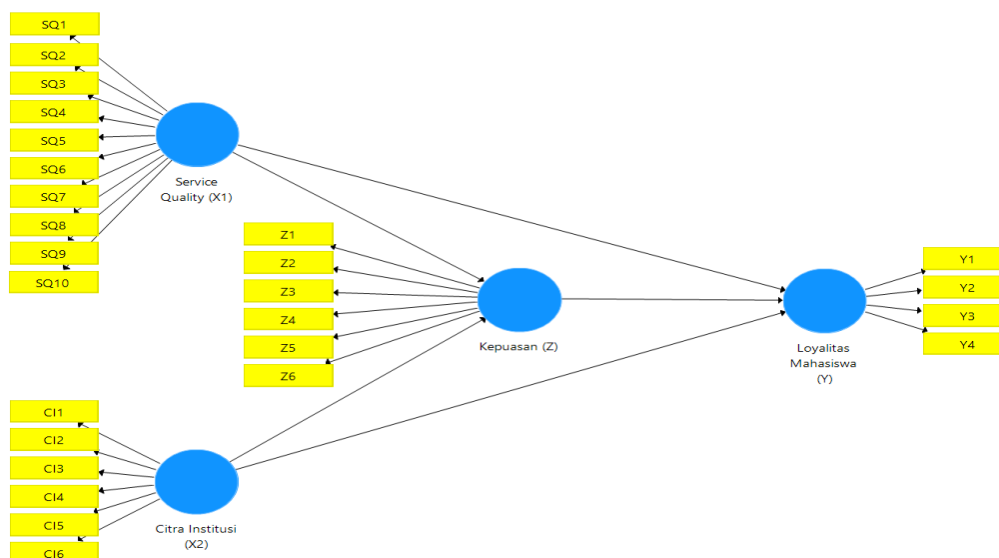
There are six indicators of student satisfaction, namely learning materials, lesson quality, computer lab facilities, library services, collaborative learning, and teacher support (Yulia, 2016). Satisfaction also helps create loyalty, and can mediate the relationship between brand image and service quality with loyalty. Satisfied students are a source of competitive advantage for educational institutions. Student loyalty is loyalty shown through consistent use of educational services and the desire to recommend to others, and loyalty shows repeat purchase behavior, positive attitudes towards service providers, and preferences to use service providers when needed (Kotler, 2021). In higher education, loyalty means students' positive commitment to the education they receive (Wahyuningsih, 2017). Loyal students are satisfied and trust the institution without coercion, which is also very important for the long-term benefits of the university.

## 2. RESEARCH METHODS

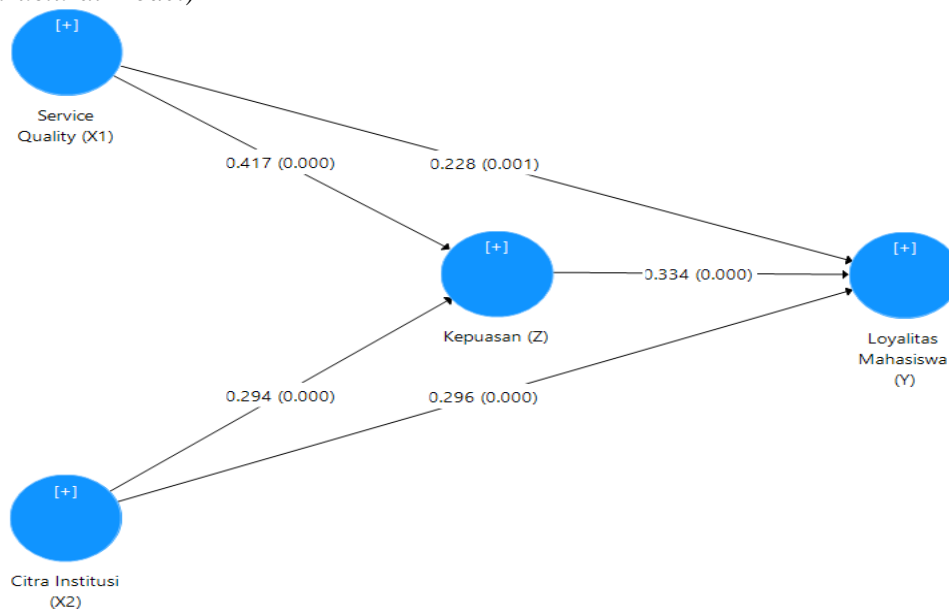
This research uses quantitative research. The research was conducted at Battuta University on Jalan Sekip, Medan Petisah which was conducted from October 2023 to December 2024.

## 3. RESULTS AND DISCUSSION

### 1) PLS-SEM Analysis



2) Inner Model (Structural Model)



3) Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Institution Image (X2) -> Satisfaction (Z)	0,294	0,296	0,063	4,674	<b>0,000</b>
Institution Image (X2) -> Student Loyalty (Y)	0,296	0,299	0,072	4,107	<b>0,000</b>
Satisfaction (Z) -> Student Loyalty (Y)	0,334	0,330	0,073	4,552	<b>0,000</b>
Service Quality (X1) -> Satisfaction (Z)	0,417	0,420	0,060	6,916	<b>0,000</b>
Service Quality (X1) -> Student Loyalty (Y)	0,228	0,230	0,068	3,339	<b>0,001</b>

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Hypothesis
Institution Image (X2) -> Kepuasan (Z) -> Student Loyalty (Y)	0,098	0,098	0,030	3,325	0,001	Accepted
Service Quality (X1) -> Satisfaction (Z) -> Student Loyalty (Y)	0,139	0,138	0,034	4,097	0,000	Accepted

4. CONCLUSION

Based on the results of the explanation above, it can be concluded that:

1. Service quality has a positive and significant effect on student satisfaction at Battuta University.
2. Institutional image has a positive and significant effect on student satisfaction at Battuta University.
3. Service quality has a positive and significant effect on student loyalty at Battuta University.

4. Institutional image has a positive and significant effect on student loyalty at Battuta University.
5. Student satisfaction has a positive and significant effect on Battuta University student loyalty.
6. Service quality has a positive and significant effect on Battuta University student loyalty through student satisfaction.
7. Institutional image has a positive and significant effect on Battuta University student loyalty through student satisfaction.

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