

# Image, Perceived Quality, Perceived Value and Student Loyalty in the Higher Education Institutions

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## Abstract

*Today, the fast growing trade in the global business is in the higher education institutions (HEIs) business follows closely the trend of other service sectors. HEIs in Nigeria are facing the problems of low academic staff to student ratio, university image and reputation published by the HEIs world university rankings, in which HEIs in Nigeria are ranked low in terms of teaching, research and international outlook. The objectives are developed to; examine the relationship between Image, Perceived Quality, Perceived Value and Student Loyalty in the Higher Education Institutions. The primary data was used; the students of the public universities in Nigeria are the population used in this research (unit of analysis) is public university students. In a similar way, the study uses the cross-sectional research design in which data was collected throughout the entire period of the study. The units of analysis of the present study are the federal universities students in Nigeria, Similarly, the PLS-SEM approach was used to analyze the data collected. The results show a significant relationship between the independent variables and dependent variable which is student loyalty.*

*Keywords: Image, perceived quality, perceived value, students Loyalty.*

## 1.0 Introduction

Today, the fast growing trade in the global business is in the HEIs business follows closely the trend of other service sectors. In much the same way, in the global service sector, the trade was approximate US\$66 billion and hence it represents about 4% of the total exports (Chadee & Naidoo, 2009). Thus, across the world, the business in HEIs sectors is a multidimensional phenomenon. However, the focus of cross-border migration of foreign students of HEIs stays to be the most visible aspect of business globally (OECD, 2014).

To add, the growth in international students movement is motivated by supply and demand (Mazzarol & Soutar, 2002). On the supply side, globally HEIs are facing a decline in funding which forced HEIs to offer their courses on full-time to international students without discount. Meanwhile, on the demand side, international students ask more and more for international qualifications as they view international qualifications as assets which differentiate and command a premium for a competitive advantage in the labor market and also due to the forces of demand and supply for HEIs services this results in the marketization of HEIs, although it is not only restricted to the domestic level but also all over the world, as HEIs are vying to exude their appeal to foreign students and to win their sense of loyalty (Binsardi & Ekwulugo, 2003).

Therefore, the problems facing HEIs globally ranging from a declining funding, inadequate learning facilities, and shortages of staffing resulting into student disloyalty in HEIs can be described as a grave challenge emerging in the HEIs sector (Tan, Wong, Lam, Ooi, & Ng, 2010). Similarly, HEIs all over the world are facing the problem of low academic quality and standards, online and distance education, because these days HEIs are shifting from its traditional motives of dissemination and knowledge sharing to private and monetary enterprises (Rindflesch, Hoversten, Patterson, Thomas, & Dunfee, 2013).

HEIs in Nigeria are facing the problems of low academic staff to student ratio, university image and reputation published by the HEIs world university rankings, in which HEIs in Nigeria are ranked low in terms of teaching, research and international outlook (Owolabi, & Okebukola, 2013). The following specific objectives are developed to; examine the relationship between Image, Perceived Quality, Perceived Value and Student Loyalty in the Higher Education Institutions.

## **2.0 Theoretical Framework and Hypothesis Development**

### **2.1 Student Loyalty**

The benefits of HEIs having a loyal student cannot be overemphasized because it is a fact that the building relationship does not end at the school but it goes beyond the school period (Ibrahim, Wang, & Hassan, 2013). Basically, HEI success depends on the loyalty of the old students, whereby after graduating from school they may continue to provide certain community/ supporting services to his or her former school, contributing financially either through donations or by funding research projects, and morally it could be through word-of-mouth promotional strategies of the institutions to other prospective students. . The benefits of loyalty have significantly increased the success of HEIs, its image, and reputations, and the benefits have increased student satisfaction (Yilmaz-Tuzun & Topcu, 2008). Through the years, HEIs have recognized loyalty as a strategic competitive advantage, because seeking new students is definitely more costly than keeping and maintaining the relationship with the existing students, while the assumption is that student loyalty may manifest itself through their support to the institutions' academic activities and projects of the HEIs (Rojas-Méndez, Vasquez-Parraga, Kara, & Cerda-Urrutia, 2009). Loyalty has been studied as an intricate area in consumer behavior.

### **2.2 Image and student loyalty**

university image acts as a standard for the student expectations in terms of ranking, goodwill, quality of graduates and reputation of the HEIs service and product qualities (Lee, Jin, & Lee, 2014). Thus, the impact of this standard on the student experience will give a positive effect on their satisfaction. In much the same way, students who have a positive perception of a university institutional image will definitely assess its service and product accordingly (Grönroos & Gummerus, 2014).

Based on the discussions, the following hypothesis will be established:

*H1: University image has a significant positive relationship with student loyalty in HEIs.*

### **2.3 Perceived Quality and *student loyalty***

To add, student satisfaction is based on the quality of the services rendered and the benefits obtained from the services (Iacobucci, Ostrom, & Grayson, 1995). Also, a positive student satisfaction with respect to service quality is commonly observed as the means of creating loyalty in the service industry (Iacobucci et al., 1995). Thus, service quality and student satisfaction are seemingly similar concepts, thus the distinctions between the concepts become a common topic of discussion. Previous research on the relationship between purchase motivation, service quality and customer satisfaction illustrates that service quality affects customer satisfaction positively. Furthermore, it was observed that customer satisfaction affects purchasing motivation, suggesting a connection with customer loyalty (Taylor, Cronin, Gill, Chapman, & Sheppard, 2010). The concept of customer satisfaction has a greater scope than service quality because it includes components such as product quality, service quality, price, surrounding factors and personal factors (Wilson, Zeithaml, Bitner, & Gremler, 2012).

Therefore, in order to create student loyalty, the movement along service quality via student satisfaction to loyalty is very important.

Thus we make a hypothesis that:

*H2: Service quality has a significant positive relationship with student loyalty in HEIs.*

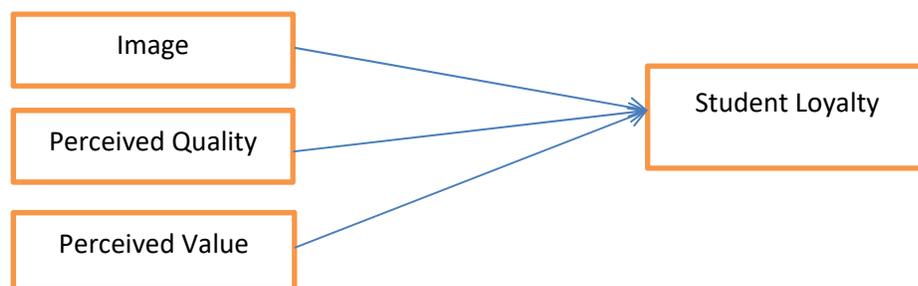
## **2.4 Perceived Value and Student Loyalty**

The concept of perceived value has been proven to be very difficult to be measured and defined (Woodruff, 1997). Similarly, Woodruff (1997:142) is of the opinion that “Customer value is what customer perceived as preference for the evaluation of the product performance in term of the attributes and as result arising from the use of that facilitate or blockage towards achieving the customer purpose and goals in term of usage situation”. Sánchez-Fernández & Iniesta-Bonillo, (2009) stated: “consumer value is been considered as the cognitive and affective evaluation of a relationship based on exchange carried out by any consumer at any stage of the production processes of the purchase decision, which is characterized by intangible and tangible element elements which mainly determine, and also capable of,

and also a comparative judgment conditioned by location or place, time and the circumstances of the evaluation”.

The concept of customer perceived value is explain as the difference between the customer evaluation of all the benefits and the cost of offering and more importantly the perceived alternatives of the service or products rendered (Achrol & Kotler, 2012). While, in the wider perspectives perceived value is the cost related to the purchase which include the price and the customer benefits that received which is related to the total cost, therefore, value is considered as the deviation the costs and the perceived benefits and it have been linked to loyalty (Maxwell, McDougall, & Blair, 2000). However, Liljander & Strandvik, (1995) considered perceived value to be equals to the perceived benefits and to be divided by the actual perceived price. According to Chen & Dubinsky, (2003), the perceived customer value is been considered as “the customers perception of the net benefits obtained in return for the cost incurred in getting the desired benefits”. Similarly, perceived value is defined as the consumer overall assessment of the utility of a service or products rendered which is based on the perceptions of what is given and what is received. In conclusion therefore, value is considered as the trade-off between the most important components which is considered as what is given and the return which is received. Hence, perceived value has been link to customer loyalty in the previous studies.

*H3: Perceived Value has a significant positive relationship with student loyalty in HEIs.*



**Model Specification**  $y = \beta_0 + \beta_1x_{i1} + \beta_2x_{i2} + \beta_3x_{i3} \dots + \beta_kx_{ik} + e_i$

$$SL = \beta_0 + \beta_1(UI)_i + \beta_2(PQ)_i + \beta_3(PV)_i + \varepsilon_i$$

### **3.0 Methods**

The primary data was used; the students of the public universities in Nigeria are the population of the study. In a similar way, the study uses the cross-sectional research design in which data was collected throughout the entire period of the study. Using a cross-sectional study design, the cross-sectional study involves gathering the data for a particular study only once or at one point in time to meet the research objectives (Cavana, Delahaye, & Sekaran, 2001).

#### **Sampling design**

In cluster sampling technique the population is made of heterogeneous groups called clusters (Joseph Hair, Black, Babin, Anderson, & Tatham, 2007). The present study employed geographical cluster sampling, based on elements within each cluster reflects the same interests and orientation of the respondents.

#### **Research Procedure**

The actual data collection Procedure for this study started in June 2015, and lasted for six months. The data was collected personally by the researcher through a self-administered questionnaire with the assistance of twelve research assistants that one in each university to facilitate administration and collection of responses.

The units of analysis of the present study are the federal universities students in Nigeria, which are represented by the postgraduate and undergraduate students who studies in such universities. specifically, individual students are the most significant unit of analysis which is in line with previous studies (Bowden, 2011; Moore & Bowden-Everson, 2012b).

### **DATA ANALYSIS**

Similarly, the PLS-SEM approach was used to analyze the data collected. This included path modeling and then bootstrapping (Chin, 1998; Wong, 2013). A total of 5,000 resamples were used to generate the standard error of the estimate and t-values (Chin, Marcolin, & Newsted, 2003).

#### 4.0 Results

Results of the description statistics of the variables are reported. Using the Smart PLS, the section analyzed the measurement model which involves determining individual item reliability, internal consistency reliability, convergent validity and discriminant validity. While the structural model results are reported which focus mainly on the significance of the path coefficients.

**Table 1**

<i>Constructs</i>	<i>AVE</i>	<i>Composite Reliability</i>	<i>R Square</i>	<i>Cronbachs Alpha</i>
<i>Perceived Quality</i>	<i>0.711</i>	<i>0.925</i>		<i>0.898</i>
<i>Perceived Value</i>	<i>0.725</i>	<i>0.913</i>		<i>0.873</i>
<i>Student Loyalty</i>	<i>0.799</i>	<i>0.952</i>	<i>0.706</i>	<i>0.937</i>
<i>University Image</i>	<i>0.626</i>	<i>0.893</i>		<i>0.851</i>

In the table 41 above, the composite reliability coefficient for the entire latent constructs ranged between 0.913 and 0.952. A Cronbach's Alpha of all the constructs are not less than 0.70 and while the composite reliability of not less than 0.70 which is adequate to carry out the research.

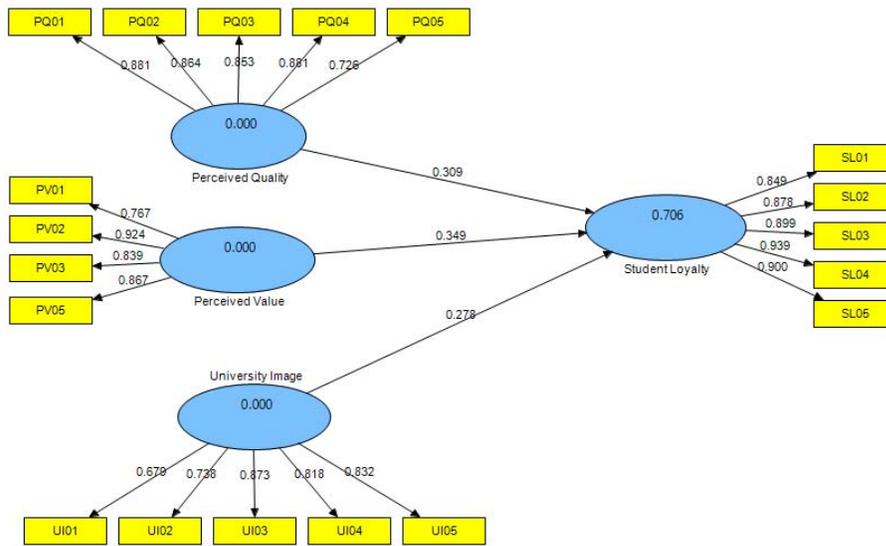


Figure 1: Structural Model

Table 2: Latent Variable Correlations

Constructs	Perceived Quality	Perceived Value	Student Loyalty	University Image
Perceived Quality	<b>0.843</b>			
Perceived Value	0.719	<b>0.851</b>		
Student Loyalty	0.749	0.772	<b>0.894</b>	
University Image	0.678	0.724	0.740	<b>0.791</b>

It can be examined by comparing the squared correlations between the constructs and the AVE for a construct (Fornell & Larcker, 1981). As shown in Table 2 above, the squared correlations for each of the constructs are less than the AVE by the indicators measuring the constructs indicating adequate discriminant validity. Therefore, the measurement model demonstrated the adequate convergent validity and discriminant validity.

**Table 3: Cross Loadings**

	<i>Perceived Quality</i>	<i>Perceived Value</i>	<i>Student Loyalty</i>	<i>University Image</i>
<i>PQ01</i>	<b>0.881</b>	0.673	0.676	0.605
<i>PQ02</i>	<b>0.864</b>	0.637	0.666	0.632
<i>PQ03</i>	<b>0.853</b>	0.595	0.603	0.553
<i>PQ04</i>	<b>0.881</b>	0.602	0.704	0.643
<i>PQ05</i>	<b>0.726</b>	0.517	0.472	0.384
<i>PV01</i>	0.555	<b>0.767</b>	0.510	0.471
<i>PV02</i>	0.685	<b>0.924</b>	0.767	0.714
<i>PV03</i>	0.550	<b>0.839</b>	0.622	0.584
<i>PV05</i>	0.647	<b>0.867</b>	0.695	0.661
<i>SL01</i>	0.627	0.532	<b>0.849</b>	0.577
<i>SL02</i>	0.621	0.696	<b>0.878</b>	0.683
<i>SL03</i>	0.682	0.763	<b>0.899</b>	0.726
<i>SL04</i>	0.704	0.697	<b>0.939</b>	0.678
<i>SL05</i>	0.705	0.738	<b>0.900</b>	0.632
<i>UI01</i>	0.466	0.511	0.409	<b>0.679</b>
<i>UI02</i>	0.564	0.567	0.511	<b>0.738</b>
<i>UI03</i>	0.587	0.590	0.646	<b>0.873</b>
<i>UI04</i>	0.454	0.577	0.675	<b>0.818</b>
<i>UI05</i>	0.624	0.623	0.631	<b>0.832</b>

All the indicators loadings were greater than the cross loadings, suggesting an adequate discriminant validity for further analysis.

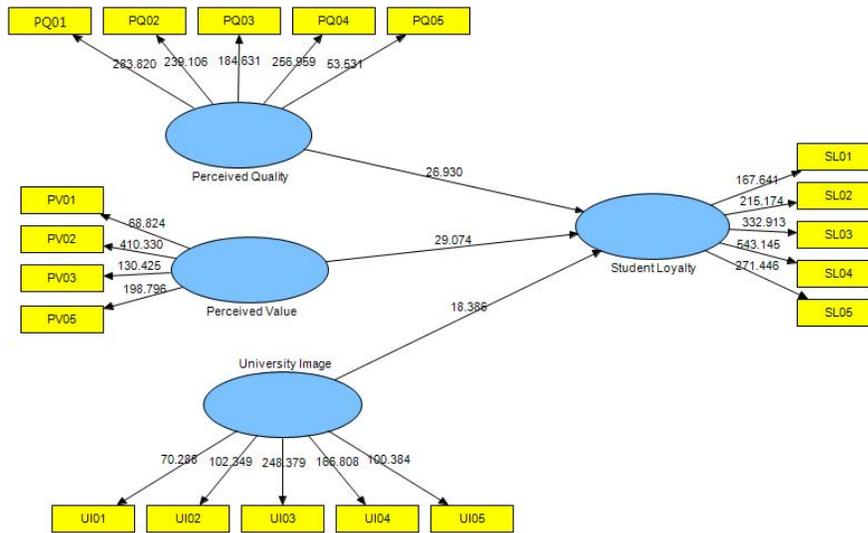


Figure 2: Measurement Model

Table 4: Path Coefficient

Constructs	Path Coefficient	SE	T. Value	P. Value
Perceived Quality -> Student Loyalty	0.309	0.011	26.930***	0.000
Perceived Value -> Student Loyalty	0.349	0.012	29.074***	0.000
University Image -> Student Loyalty	0.278	0.015	18.386***	0.000

Note: \*\*\*Significant at 0.01

Table 5: Summary of Findings of the study

H	Statement of Hypotheses	Findings
H1:	Perceived Quality is positively associated with student loyalty in HEIs.	Supported
H2:	Perceived Value is positively related to student loyalty in HEIs.	Supported
H3:	University Image is positively associated with student loyalty in HEIs.	Supported

## 5.0 Discussion of Result

Table 4 and figure 2, showed that the relationship the variables, Hypothesis 1 predicted that perceived quality has a significant relationship with student loyalty. Results, revealed a significant positive

relationship between perceived quality and student loyalty ( $\beta = 0.309$ ,  $t = 26.93$ ,  $p < 0.000$ ) supporting hypothesis 1. In examining the perceived value on student loyalty, results show that perceived value has a significant relationship with student loyalty ( $\beta = 0.349$ ,  $t = 29.174$ ,  $p < 0.000$ ) yielding support for hypothesis 2. As for the predicted significant relationship between university image and student loyalty in hypothesis 3, the result ( $\beta = 0.278$ ,  $t = 18.386$ ,  $p < 0.000$ ) demonstrated support for the hypothesis.

The university image has a statistically significant on student loyalty. Here we must take into consideration that the student has evaluated the institutional image from his point of view. Consequently, the HEI will be the student satisfaction, the more his evaluation of the institution image will correspond to the image built by the institution, HEI generally innovates and the innovation contributes to the society and the economy. Although a significant relationship between university image and student loyalty was expected (Andreassen & Lindestad, 1998), the path coefficient between university image and student loyalty was significant and the results are not in line with the empirical study performed (Nguyen & Leblanc, 2001). In their research to determine the impact of university image on student loyalty, they observed that part of the unexplained variance is due to intrinsic features of the service provided.

## **6.0 Conclusion**

The study has provided additional evidence to the growing body of knowledge concerning the variables of study, on the determinant of student loyalty. All the results from this study have lent to the support of theoretical propositions. Similarly, the current study has successfully answered the entire research questions and the research objectives of the study despite its limitations.

## **7.0 Limitation and Suggestions for the Future Research**

This research focuses on students in federal universities in Nigeria, as the respondents. Therefore, focusing only on students is considered be a limitation. However, future studies should consider lecturers and university management as an important component in the Nigerian HEIs as their unit of analysis.

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