Impact of Student's Satisfaction on Loyalty
A Case of Private Sector Business Schools from Punjab Pakistan

Faheem Ahmed[1]   Raza Illahe[2]   Naveed Ahmad[2]   Muhammad Nadeem[3]   Khalil- Ur- Rehman[2]

1.*Mphill Scholar,* Department of Business Administration, Lahore Leads University, Pakistan
2.Department of Business Administration, Lahore Leads University, Pakistan
3.Procurement Officer, Mari Petroleum Company (Ltd) Pakistan

Abstract

This research aims to explore the information related to the service quality, which influence on the students loyalty. Based on this the purpose of this research is to present in-depth details regarding those factors which influence positively on the students. In today's competitive market the service industry is growing in which educational sector is gaining more benefits. Based on the modern tactics used by educational institutes the students are retained and new customers are attracted. Hence, this research present the information based on business school and the satisfaction level of students based on services provided to them.**Methodology/sample**: This research was based on quantitative research design. The questionnaire was prepared which was distributed to 116 participants. However, 100 questionnaire were received back which were pooled in to SPSS. The participants were approached through convenience sampling, the Pearson correlation test, linear regression analysis and reliability analysis were applied in order to test research hypothesis.**Findings:** The findings of the research reveals that tangibility, assurance, reliability, responsiveness and empathy are the most important factor in maintaining the service quality which influence on customer and make them loyal with the organization. In this way, the entire five research hypotheses were accepted.**Practical Implications:** Based on this research the business school can explore various strategies that can help them in improving their existing services and gaining sustainable advantage in educational sector.

Introduction

In the success of any business, the service quality and consumer satisfaction plays crucial role. The high level of services provided to customers results in generating loyalty, which not only benefit the organization, but it also influence positively on attracting new customers. In service industry, the service quality leads towards customer satisfaction. For instance, those educational institutes that are providing quality education with skillful faculty then the students itself get motivated because of the high professional environment with quality education. Educational industry is one of the most important industries that play a vital role in the development of any nation or economy (Dib and Alnazer, 2013). There is strong and positive relationship of education and the economic growth because if the individual from any country is skilled then they are the source of human resource, which benefits in term of generating value and increase country position (Brown, 2006). From past decade the educational sector in Pakistan have profound changes which also increase the number of universities and high school. In this way, the number of students also increased because of increase in human capital demand and globalization. Now in Pakistan the private educational center are rapidly growing in term of local universities, which benefits students in term of gaining educational knowledge through enrolling in local universities (Khan, 2012). Hence, through improving the quality of services such as additional resources, the educational institutes can easily meet the standard of students and full fill their needs (Khan, 2012).

Customer satisfaction is one of the crucial concept t in academic research, which explores the concept of consumer satisfaction and its influence on consumer decision making. It is actually recognized as the comparative judgment of a consumer between received services and expectancy. Once the consumers use the brand then he/she does evaluate its outcome based on the actual and expected performance. In the educational sector the students does the same. Therefore, the results and outcomes show the negative or positive behavior of consumer which influence on consumer psychological level. In this way, if the consumer receives outcome according to his/her perceived results then it influence positively on consumer, which leads towards satisfaction. On the other hand, if the outcome does not meet the consumer expectancy then it influences negatively which results in consumer dissatisfaction. Therefore, the satisfaction is the psychological state that is based on the consumption experience of consumer (Thomas, 2011).

LITERATURE REVIEW
CUSTOMER LOYALTY

The early definition of customer loyalty was based on the willingness of consumer towards marinating their relationship with the company or organization. Chang (2008) explained that now days the loyalty shows the consumer willingness towards marinating relationship with the company and dealing them in a particular manner. It also considered as the positive word of mouth shared by consumer to another person that are

commonly their colleagues, family members, relatives, social circle and friends. In this way, based on their loyalty the consumer behavior is divided in two aspects. The aspects of customer loyalty are actually the components that are their behavior and attitude. According to Khan (2012) it is noted that the customer loyalty is recognized as the merged concept with customer behavior loyalty and it explains the consumer willingness towards repurchasing the brand, product or services from same company. On the other hand, the attitudinal loyalty proves that the consumer is attracted towards the brand due to which the consumer will purchase the brand every time he/she needs it. Therefore, the concept of consumer loyalty is not restricting towards product but in service industries the customer loyalty is demanded in high term. The service industry includes various aspects that influence directly on consumer decision making.

CUSTOMER SATISFACTION

In marketing field, the focus of researcher is towards improvement in customer satisfaction level. The satisfaction level is explained differently by various authors according to their own perception. Satisfaction is usually obtained in term of what was expected by the customer. For instance, if the product or service offered by any organization is according to the customer expectation than it satisfy the customer need, which results in satisfaction. On the other hand, if the offering were not according to the customer needs then it results in dissatisfaction, which threaten the image of organization and its market position too. Ekinci (2002) explained that the satisfaction level shows the firm its future revenues and profit generation. This is because the company foresees the future sale and profit based on their existing customer satisfaction level. The poor services and unethical behavior also results in dissatisfaction. In this way, the poor services that are not according to the customer needs dissatisfy them. Hence, in order to keep the customer engaged in product or services it is essential to bring variances in the offering, so that customer can remain attracted towards the organization.

BACKGROUND OF PRIVATE BUSINESS SCHOOLS IN PAKISTAN

In the development of human capital the educational institutes plays important role. In this way, the better educational services adopted by any country results in development and it lighten the image of country among others. With the passage of time and increase in demand of workforce, the educational sector is recognized as an industry in various countries especially in UAE, Malaysia, UK, India and Pakistan (Arif et al, 2013). The importance of quality and customer satisfaction is not only related to manufacturing or service companies but it also evolved educational sectors as the business school aims to provide quality services to their students. In this way, in order to gain the satisfaction of student the educational institutes needs to deliver customer values and maintain ethical code of conduct, so that sustainable advantage can be gained in the educational market (Ijaz et al, 2011). In Pakistan higher education commission has made development in promoting the educational institutes in Pakistan. There are almost 132 business schools that are providing quality education to the students. Furthermore, HEC also promoted quality management policies that are based on ISO certification. In this way, majority of private business school are using ISO certificate in order to focus on quality and comply them with HEC standards (Arif, et al, 2013).

Cheng (2008) explained that the RATER model is based on exploring the consumer expectations towards the services and the influence on service quality on them. Therefore, based on the RATER model the concern towards consumer is increased, which also resulted in increasing their satisfaction. Capon and Hulbert, (2007) also explained that in service industry the RATER model is highly demanded because it identified the factors related to quality and service provided which results in customer satisfaction. Therefore, hospitality industry, banking sector, educational sector, fast food sector can use this model in order to value their customers. The core characteristics of this model are:

Tangibility – Tangibility is based on physical factors that are associated with the services and it creates some impression on the customers. In order to improve the service level, it is important to focus on tangible aspects. In this way, the infrastructure facility, such as building, class room, transport, mosque, hotel, computer lab and sport area in business school do motivates students. Therefore, the clear communication and effective quality provided influence on consume mind (Oscar, et al, 2005). Following are the aspects that are considered in tangibility aspects:
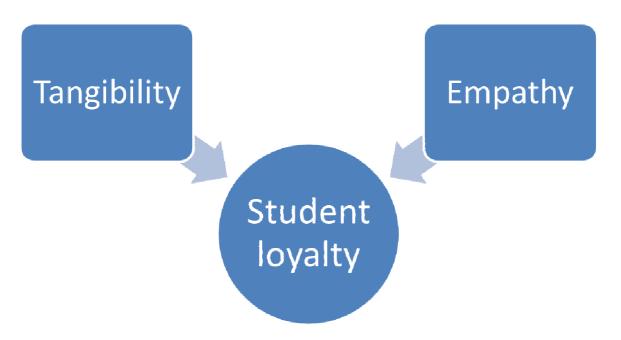
- Ambience
- Atmosphere
- Safety environment
- Cleanliness
- Well equipped place
- Exterior and interior

Empathy – It is based on understanding the customer demand and providing them services that are according to customer the empathy factor influences positively on the consumer because it is directly linked with their psychological level and behavior intentions (Czapkewski, et al (2002). Following are the aspects that are needed

to be considered in empathy factor:

- Responsiveness towards queries
- Fulfillment of needs and wants
- Humble attitude
- Emotional aspects

METHODOLOGY

This research is based on deductive strategy and positivism philosophy. Based on deductive strategy, the quantitative research design was selected and the questionnaire was prepared. Furthermore, the primary participants were the students of private business school. In this way, these participants were approached through the help of convenience sampling. The method of analysis used b the research was statistical analysis.

In this research, the non probabilistic sampling technique is used. In order to gather the research data the participants were approached through the help of convenience sampling technique. The justification to select convenience sampling is that it is easier to approach those participants that are ready to take part in research and it is also cost effective and time saving and there is a little variation in population (Ramsaran, 2007). Secondly population is too large so that it is impossible to consider every individual. The convenient sampling helps in approaching those participants that are ready to share their views. The sample size shows the number of participants approached for research. The sample size selected for this research is of 100 participants. These participants are the students that are studying in private business institutes. Based on the regression analysis the value of R square, T value, sig value and beta value was studied and interpreted. The researcher also applied Pearson correlation test. Based on the person correlation test the hypotheses were justified and the relationship among variables was discussed.

FINDINGS

Regression Analysis

H1: Tangibility creates positive impact on student loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820[a]	.673	.669	.60706

a. Predictors: (Constant), Tangibility

The above table illustrates the liner regression analysis run on the hypothesis, which was related to tangibility and student loyalty. This variable was designed through studying the research literature and analyzing the tangibility factor as the most important factor in over all service quality. Based on this the above hypothesis focuses on investigating the relationship between dependent and independent variables. Therefore, the R square value, which is .673, shows the relationship among research variables, which is 34%. Hence, it proves that there is positive and strong relationship among tangibility and student loyalty.

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	74.191	1	74.191	201.323	.000[a]
	Residual	36.115	98	.369		
	Total	110.306	99			

a. Predictors: (Constant), Tangibility

b. Dependent Variable: Student_Loyalty

The ANOVA table represents the testing done in order to explore the variable tangibility and student loyalty. The above table identifies the dependency of dependent variables on the independent variables. Therefore, the F and sig value reveals the future assumptions and current justification of hypothesis. Based on this the F distribution value gathered from above table is 201.323 which is >4. Therefore, it shows that the hypothesis is accepted. Furthermore, the sig value is 0.000 i.e. >0.05 which shows that there is significant relationship among variables. Hence, it further justifies the study shared by Ekinci (2002) and it reveals that in order to increase the loyalty and make the customer satisfied from service. The organization needs to focus on tangibility factors so that customers can get encouraged towards the company.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.616	.179		3.431	.001
	Tangibility	.778	.055	.820	14.189	.000

a. Dependent Variable: Student_Loyalty

The above table shows the validation of research hypothesis, which is tangibility and student loyalty. From the above coefficient table the further justification is provided through exploring the β value that is beta value. The unstandardized β value is 0.778, which is >1.96. Therefore, it shows and justified that the research alternative hypothesis is accepted and there is strong and linear relationship between the studied variables.

H2: Empathy creates positive impact on student loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.518[a]	.268	.261	.90763

a. Predictors: (Constant), Empathy

The above table illustrates the liner regression analysis run on the hypothesis, related to empathy and student loyalty. This variable was designed through exploring the research literature and analyzing the empathy factor that helps in dealing with customers in effective manner, so that long term relationship can be build. Based on this the above hypothesis focuses on investigating the relationship between dependent and independent variables. From the above table the R square value is studied, which is .268. Hence, it shows the relationship among research variables, which is 26%. Hence, it proves that there is positive and strong relationship between empathy and student loyalty.

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	29.574	1	29.574	35.899	.000[a]
	Residual	80.732	98	.824		
	Total	110.306	99			

a. Predictors: (Constant), Empathy

b. Dependent Variable: Student_Loyalty

The ANOVA table represent the testing done in order to explore the variable related to empathy and student loyalty. The above table shows the dependency of dependent variables on the independent variables. Therefore, the F and sig value reveals the future assumptions and existing justification of hypothesis. Based on this the F distribution value gathered from above table is 35.889 which is >4. This value reveals that the hypothesis is accepted. Furthermore, the sig value is 0.000 i.e. >0.05 which shows that there is significant

relationship among variables. Hence, it further justifies the study shared by Oscar, et al, (2005) and it proves that when the customer are recognized within the organization then they show their commitment towards the company, which benefits the organization in term of increasing its market position. Therefore, in educational institutes the faculty members needs to deal students in ethical manner, maintain fairness, so that all students can feel equal, and take proactive part in studies.

Coefficientsª

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.720	.234		7.351	.000
	Empathy	.433	.072	.518	5.992	.000

a. Dependent Variable: Student_Loyalty

The above table reveals the validation of research hypothesis, which is empathy and student loyalty. From the above coefficient table the further justification is provided through exploring the β value that is beta value. The unstandardized β value is .433, which is >1.96. Therefore, it shows and justified that the research alternative hypothesis is accepted and there is strong and linear relationship between empathy and student loyalty.

CONCLUSION

It is concluded that in order to gain competitive advantage, it is important to satisfy the customer demand. The results gathered from the analysis reveals the acceptance of hypothesis. The service provided to customers is one of the most important tools that help companies in building strong market position. This is because these types of service and facilities are common now days and students want to avail all the facilities along with the education. In this way, the research findings show that those universities that are providing these facilities are able to retain students and attract new once as well. In today's environment the customers want to get treated in courteous manner. Therefore, the empathy showed by management towards the students influence positively on their perception.

RECOMMENDATIONS

In order to enhance the quality level and retain students the universities can adopt the following strategies; so that improvement can be bring in services.

- The management of university needs to identify the key points regarding service quality which enhance student satisfaction and loyalty and also adapt their strategies according to the requirements of the students.
- The educational institutes make their current students loyal which will generate positive word of mouth. In this regard they will adopt those strategies which relate to effectiveness of service quality like as educational environments, quality of teaching staff, class room decorum, research labs, seminars and extra circular activities
- In order to keep the students proactive and engage in education the society of university needs to plan monthly social events, so that students can keep engaged with their educational institutes. In this way, the social events can be in form of formal dinner, webinars, seminars, workshops etc.

FUTURE RESEARCH DIRECTIONS

In future, the researcher can expand this research into the variables related to consumer decision making and quality of teaching staff. In this way, the theory of consumer behavior can be referred to and the decision making of students can be studied, while they are taking admission in some university. Furthermore, the researcher can also expand this research in to qualitative research design. Interestingly, qualitative research is an increasingly adopted phenomena, relied upon around the world, however, its effective utilization does not takes place in Pakistan. In this way, the interview can be prepared and data can be collected from the faculty members and management; based on the interview the perception of staff members can be gained toward the services and the students 'satisfaction level, which influences their performance. The researcher can also compare any two universities in order to explore different strategies used by business school. Thus, based on comparative analysis, the effectiveness in services can be measured. Not only this but it will also help in explain that how does the students from one university differ from another based on the teaching methodology used by the business school.

REFERENCES

Arif, S., IIyas, M. and Hameed, A. (2013) 'Student satisfaction and Impact of leadership in private universities',

The TQM journal, 25(4), pp.399-416.

Brown, R.M. (2006) *Factors Driving student satisfaction and loyalty in Australian universities: The importance of institutional image*, University of Western Australia.

Capon, N. and Hulbert, J.M. (2007) Managing Marketing in the Twenty-First Century. *Wessex Incorporated.*

Chang, J. C., (2008), "Taiwanese Tourists'' perceptions of Service Quality on Outbound Guided Package Tours: A Qualitative Examination of the SERVQUAL Dimensions" *Journal of Vacation Marketing*, 15(2), pp.164-178

Czapkewski, A.J., Olson, E.M. and Slater, F. (2002), 'Applying the RATER Model for Service Success', *Marketing Management,* 11(1).

Dib, H. and Alnazer, M. (2013)The Impact of Service Quality on Student Satisfaction and Behavioural Consequences in Higher Education Services', *International Journals of Economy, Management and Social Science*, Vol.2, No.6, pp. 285-290.

Ekinci, Y., (2002), "A Review of Theoretical Debates on the Measurement of Service Quality: Implications for Hospitality Research", *Journal of Hospitality & Tourism Research*, Volume 26(3), pp. 199-210.

Ijaz, A., Irfan, S.M., Shahbaz, S., Awan, M. and Sabir, M. (2011) An empirical model of student satisfaction: Case of Pakistani public sector business schools, *Journal of quality and technology management*, Vol. 7, No. 2, pp. 91-114.

Khan, I. (2012) Impact of customer satisfaction and customer retention on consumer loyalty, *International journal of scientific and technology research*, Vol. 1, No.2, pp. 106-109.

Oscar, D. Kara, A.,and Erdener, K. (2005) determinants of business student satisfaction and retention in higher education: Applying Herzberg Two factor theory, The international journal o educational management, 19(2), 128-139.

Ramsaran-Fowdar, R.R., (2007), "Developing a service quality questionnaire for the hotel industry in Mauritius", *Journal of Vacation Marketing*, 13(1), pp. 19-17

Thomas, S. (2011) What Drives Student Loyalty in Universities: An Empirical Model from India*, Journal of International Business Research*, Vol. 4, No.2, 183-192.

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:
http://www.iiste.org

CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

Prospective authors of journals can find the submission instruction on the following page: http://www.iiste.org/journals/ All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

MORE RESOURCES

Book publication information: http://www.iiste.org/book/

Academic conference: http://www.iiste.org/conference/upcoming-conferences-call-for-paper/

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digtial Library , NewJour, Google Scholar