

## THE RELATIONSHIP AMONG STUDENTS' LOYALTY, COMMITMENT AND TRUST IN PRIVATE UNIVERSITY, MALAYSIA.

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### ABSTRACT

*Good communication to public, trust and good service quality will definitely enhance customer relationships and attract the customer to buy and use the product. It will link to good brand performance and leading to building brand trust and loyalty. This study aims to incorporate elements such as customer commitment and brand trust influences customer loyalty. The purpose of this descriptive research is to investigate the influence of commitment and trust that may lead to students' loyalty that leads to retaining students in private universities, Malaysia. Specifically, the study seeks to examine the relationships among trust, commitment on students' loyalty. The findings also support the relationship marketing theory (Morgan & Hunt, 1994) that reflects the roles of commitment and trust. However, this research found the role of trust slightly more obvious than that of commitment. This research showed brand name of the private university is equally important for students and universities. Therefore, the implication of this study is to help service providers (private university) by improving their marketing strategies and to retain students in private university.*

**Keywords:** *Loyalty, commitment, trust, retain students, private university.*

### INTRODUCTION

The education scenario in Malaysia is dynamic and attracting more students from foreign countries. The education providers in Malaysia can be group as public universities and private universities. They equally attract students and provide them variety of courses to choose from them. They compete to attract and retain students by providing good quality education. The students who join these universities expect not only good quality education but also satisfaction which comes from the facilities, infrastructure etc. The universities try to retain them for their postgraduate programs. The students would show loyalty only when they are satisfied and have trust and commitment in the education already provided to them.

This phenomenon is to be tested by empirical research and as such this article problems the role of trust and commitment in determining loyalty.

## **NATURE AND SIGNIFICANCE OF THE PROBLEMS**

One of the elements of the framework of this study is corporate image, which more commonly referred to as branding. What is branding and how brand loyalty can really fit and contribute to this study? The researcher is also looking into how branding can relates to customer loyalty. Many researchers agreed that customer loyalty is important to gain repurchase and great outcomes. Through customer's loyalty great outcomes will enhance the brand experience and connecting among shareholders, company and employees (Oliver, 1999; Russell-Bennet et al., 2007). The main contribution of creating brand loyalty is to differentiate the product features and sending the unique message by forming positive branding to the customer. Kotler (2004) strongly stated that branding can retain loyal customers even the pricing of the product is more expensive than the alternative product. The customer always trust and commit to good quality brand even during the toughest time to purchase it if the product enable to meet the expectations of the products. Kotler (2004) stated that brand product is strongly connected to brand loyalty and repurchase of the product by the consumer. Even though brand loyalty concept is complicated but with the correct attributes and the right consumer who purchase the product by satisfied with the product based on the pricing and the quality of products (Ha, 2005).

Assael (1998) totally agreed that brand loyalty will brings greater market share to the stakeholder and company. By applying good relationship in marketing, it will create positive relations between company and customer and with positive word of mouth; this will avoid customer from switching to another brand. Word of mouth is very important tools to make the customer understand the good product attributes that labels good branding to loyal customer. Eventually, with customers' satisfaction it showed evidence that he has full confidence, committed and trust to the brand product they actually purchased. Therefore, the brands successfully provide their promises and to avoid the customer from switching to their rival product. If the customer showed the commitment to brand product; the company can see the repurchase with the existing customer, company can concentrate to build new customer and this will link product profit for the company. Moreover, if the branding is trustworthy and strong then customer will remain unchanged (Rizwan et al., 2013). This will ease the company effort and application of good strategies to maintain good relationship marketing is worthwhile between company and the customer.

Despite many references highlighting the importance of branding or corporate image in determining customer loyalty, undeniably; there are many other factors that may directly or indirectly influence customer loyalty. Even though branding is consider one of the important marketing tools, but we have to cautious with factors that might or might not affect the brand loyalty of customer such as brand commitment, brand trust towards loyal customer. This if fully mentioned in this study framework. This might or might not lead to contribution to brand product might or might not pay any price for the product from customer (Jacoby and Chestnut 1978; Pessemier 1959; Reicheld 1993). Moorman, Zaltman, and Deshpande (1992) stated that it is wise able to maintain a valued relationship between the company and customer. Thus, no doubt that with good communication to public, trust and good service quality will definitely attract the customer to buy and use the product. It will link to good brand performance and leading to building brand trust and loyalty. This

study aims to incorporate elements such as brand commitment and trust influences customer loyalty.

Customer behaviour has developed to be more complex over time as they are able to gain information in a very efficient and speeding way in this modern technology era. With the advanced technology, customers are able to obtain in depth information in a few seconds regarding certain brand product by google in for pricing, attributes of product and the quality as well latest news or reviews of a product. They will only purchase authentic brand with the correct characteristic' which they preferred. In fact, if the other brands provide some alternative at low prices but having lower quality or after purchase service, consumers will tend to remain loyal to their specific brand. For example, there are plenty established brand of milk product in the market such as Dutch Lady, Anlene and etc., but the consumer will always able to figure out which brand to purchase by comparing the quality of the milk, pricing and safeties of consuming the milk. Fournier and Yao (1997) totally agreed that with good marketing strategies, it would assist the company to build good branding and to reduce the product disparity with such fierce competition in the market today. This is supporting by Howard and Sheth (1969) with brand enhancing. Unfortunately, Chaudhuri (1999) criticized that customer purely preferred that particular brand and not because of the pricing. This is supporting by Jacoby (1978) that good quality brand of product is likeable by customer that link to increasing of customer's loyalty. Taking into consideration all the points highlighted by various researchers as discussed above, it inflicts a necessity for goods and services provider to look into more aggressive marketing strategies and tools that influences their branding.

The difference type of service quality between the customer expectations for services and customer image related to service presentation. Service quality is also defined as the divergence between the consumer expectations for services and customer image related to service presentation. Service quality is a crucial element in building brand trust as customers can identify the quality of service provided to them and this enable to differentiate the brand from their competitors (Parasuraman et al, 1988; Gronroos, 1984). Kayaman and Arasli (2007) stated that brand loyalty is tangible and give good response to the customers. This is supporting by Chitty et al. (2007) that there are relationships between service quality perceived and the level of customer satisfaction that link to brand loyalty and service quality. Thus, the consistency and standardization of the products will build customers loyalty in long term. It was agreeable by some practical researchers that there are relationship between brand commitment, brand trust and loyalty of customers towards good quality branding. Furthermore, Zeithaml et al. (1996) did propose the behaviour of the customer and intention towards the services provided. The discussion above verifies that various researchers have invested their efforts into understanding and defining the integrative relationship between brand commitment, brand trust and loyalty of customers towards the brand.

Further acknowledgement in Zeithaml's proposal, Lam et al. (2004) continue to agree that good customer experience enable to evaluate whether customers are happy with the product. When customer is happy with the product, he or she will definitely give a good comment through word of mouth. Word of mouth is a very powerful promotion or advertising tool to creating customer trust and commitment. If the brand product turning out to be constant then company can easily create positive effect on brand satisfaction and to increase brand loyalty. The increasing of brand loyalty will lead to brand value of product according to willingness of customer to pay for the stated price. Therefore, post purchase is

very important to evaluate whether customer feeling positive or negative way of product value. Thus, with higher value than its cost, it will constantly increase the satisfaction level of customers for branding. Customer experience is very important for any company to promote and stabilize their branding and to retain customer for repurchase. There are a few scholars agreed with the customer experiences and the evaluating the whole satisfaction by Lam, et al. (2004), Tian (1998), Yang (2004), Li and Vogelsong, (2003). Eggert, A. & Ulaga, 2002 strongly identified customer loyalty do have significant relationship with brand product, behaviour of customer and repurchase intention to product brand. This is further agreed by Oliver (1997) that customer experiences is the conclusion of psychological, emotion and added prior feelings from customer that will eventually remain and repurchase from the customer. Indirectly it will increase the brand loyalty and repurchase of customer by increasing customer satisfaction. The reason is to retain the customer from switching to different product (LaBarbera and Mazursky, 1983).

By avoiding customer from switching brand, marketers have to ensure there are brand trust, commitment and loyalty from customer. Gotlieb et al. (1994) also stated that there is a relationship between customer satisfaction and positive perception of the brand. Positive perception of the brand will automatically link to product value that will caused customer to purchase the product no matter how much it cost to them. Through post purchase, customer will create positive or negative way to ensure product worthiness. If the product is value for money and gain high level of satisfaction, then customer will always repurchase the product. Cronin et al. (2000) continue to agree that there is a relationship between product satisfactions and how customer perceive the product value. Chaudhuri and Holbrook (2001) also agreed that good branding and increasing of trust and commitment from customer will eventually increase the level of branding.

This research has provides various contributions to the students loyalty, trust and commitment. It is helping to deliver a better understanding toward the customer perception on selecting private higher education institution. The collected data can also use for future marketing purpose and understand the important of branding as it helps to retain loyal customers and increase the numbers of students in private higher education institution. Furthermore, brand awareness will indirectly help the education institute to gain competitive advantages. Vavra (1997) also stated that company need to send accurate message regarding their product and services to customer to ensure good customer service. Based on the service quality perspectives, a good service can effectively aid in maximizing the customer satisfaction and retention as well. Hence, customer satisfaction is essential for corporate survival as satisfaction help to reinforce customer positive attitudes towards the brand and the same brand will be purchase again. Hence, for future research it is important to fully understanding the factor results of the price, product and service quality to ensure good satisfaction of customer and add value for business as competitive advantage to earn customer loyalty in future.

Anderson (1994) proposed that the student loyalty is from the students' encounters and impression of the services. This study receives a similar approach in the investigation of understudies' satisfaction by focusing on understudies' encounters and of institution. A few components that might be identify with understudies' satisfaction incorporate their impression of the services and qualified academic staff gave by the university college. This approach applies a basic technique that depends on understudy encounters and students satisfaction with the notoriety or marking of the university college. This approach can create numerous indications of understudies' satisfaction with their university colleges. In another

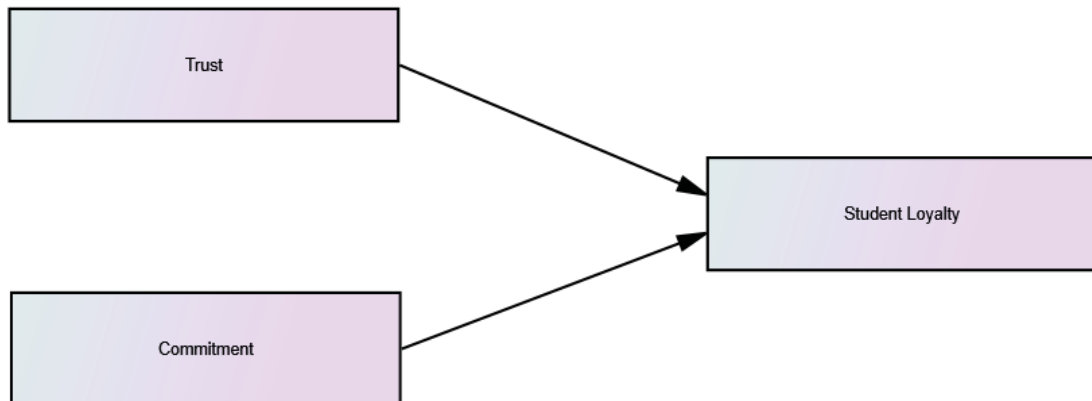
study of student loyalty, Smith (1999) has extended the information by receiving Kano's Model that permits examination of student loyalty. According to Kano's Model, Smith (1999) could relate the different measurements of understudies' inclinations for their university college over different university colleges to the program. The measurements of inclinations that are observe to be identified with understudies' student satisfaction to their university colleges incorporate understudies' student satisfaction with the physical qualities, interactive qualities and corporative qualities. Joseph and Joseph (1997) additionally discovered comparative outcomes in their study whereby, the nature of the university college and the services gave is crucial to give great desires to understudies who are as of now related with the private higher institutions and their instructive encounters in the wake of moving on from the private higher institutions.

Alves and Raposo (2009) likewise emphasized the significance of to see great information of understudy satisfaction from various private higher institutions. The correlation of elements influencing understudy satisfaction in various university colleges will help the endeavours of benchmarking the nature of institution to guarantee understudy student satisfaction and understudy student loyalty. Furthermore, the researcher additionally found an irregular impact of understudy students' satisfaction to understudy student loyalty. Understudy student satisfaction with positive services of the university college positively affects the apparent notoriety of the university college, which at that point positively affects understudy student loyalty (Helgesen and Nettet, 2007). Ling, Chai and Piew (2010) was discovered that contact work force and offices, notoriety and courses offered were emphatically identified with the apparent nature of services gave by the university college (Ling, Chai and Piew, 2010). This finding has been reliably found crosswise over various study and this is shows that there ought to be an highlighting on upgrading the policy of higher institution to deliver great quality graduates (Arif, Ilyas and Hameed, 2013) This study will give a knowledge into understanding the elements impacting understudy services and programs in the Malaysian setting. The discoveries of this study will likewise add to the knowledge of outside understudies' inclinations of university colleges in Malaysia. Moreover, the finding of this study may enable to distinguish and fill in the learning gap of research.

## **METHODOLOGY**

The purpose of this descriptive research is to investigate the influence of commitment and trust that may lead to students' loyalty that will retain students in private universities, Malaysia. Specifically, the study seeks to examine the relationships among trust, commitment on students' loyalty. The conceptual framework is given in figure one below. To collect data a questionnaire was drafted for the above three variables and distributed among the student of private universities of Malaysia. Firstly, by using Cronbach Alpha for the data collected for testing their reliability. Secondly, to study their relationship a model in the structural equation modelling (SEM) form is draw in AMOS Graphics and tested. The SEM is a superior method of testing over ordinary least square regression model because, the SEM filters errors and residual present in every statement and later tests their relationships. The SEM results are more accurate and valid as they are error free.

## Conceptual Framework



**Figure 1: Adapted from Edward Owino (2013)**

## FINDINGS AND DISCUSSION

The study sought to establish the internal consistency of the key variables in the study. This was achieved by subjecting the three key variables to a reliability test as shown in Table 1, 2 and 3. A scale test of three variables yielded an overall Cronbach alpha coefficient = 0.944 is very reliable in providing consistent result overtime.

The total number of respondents for this research was 100 respondents. The majority of the respondents (78%) are less than 22 years of age, two-thirds of them were females, and mostly taking up Hospitality and Tourism related courses. Half of the respondents were Malaysian and the remaining half were students from various countries – but mostly from Asia. Nearly all (97%) enrolled in undergraduate courses taking their first degrees. Two (2) out of Five (5) students reported a family income of less than RM50,000 per year or belonging to the ‘low income group’. On the other hand, a third of respondents reported a family income level in-excess of RM100,000 per year.

**Table 1: Student Loyalty to University Value Percentage**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I'd recommend my course to someone else.	16.96	15.33	0.60	0.77
I'd recommend my university to someone else.	17.11	15.43	0.49	0.80
I'm very interested in keeping in touch with "my faculty".	17.07	14.66	0.65	0.76
If I were faced with the same choice again, I'd still choose the same course.	17.07	14.96	0.45	0.81
If I were faced with the same choice again, I'd still choose the same university.	17.09	13.42	0.76	0.73
I'd become an alumni of my university or faculty.	17.33	14.15	0.52	0.79
Overall Cronbach Alpha				0.81

Table 1 shows the lowest scores is if I were faced with the same choice again, I'd still choose the same university (0.73) and the highest scores is if I were faced with the same choice again, I'd still choose the same course (0.81). Both lowest and highest scores of value percentage for students loyalty are good and above 0.7 Cronbach alpha.

**Table 2: Trust Value Percentage**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Integrity is a word I'd use when describing the university staff.	9.46	11.40	0.80	0.93
I am sure that the university staffs are always acting in my best interests.	9.60	10.17	0.89	0.90
I trust the university staff completely.	9.60	10.28	0.84	0.91
My university staff always kept their promises to me.	9.69	9.18	0.86	0.91
Overall Cronbach Alpha				0.93

Table 2 shows all scores of value percentage for trust are good and above 0.7 Cronbach alpha. It showed that trust is very important for students in PHEI. Through students' trust, they will convey the good image of private university through their peers and public. Therefore, it will follow with progression of students to higher level of courses in the same private university.

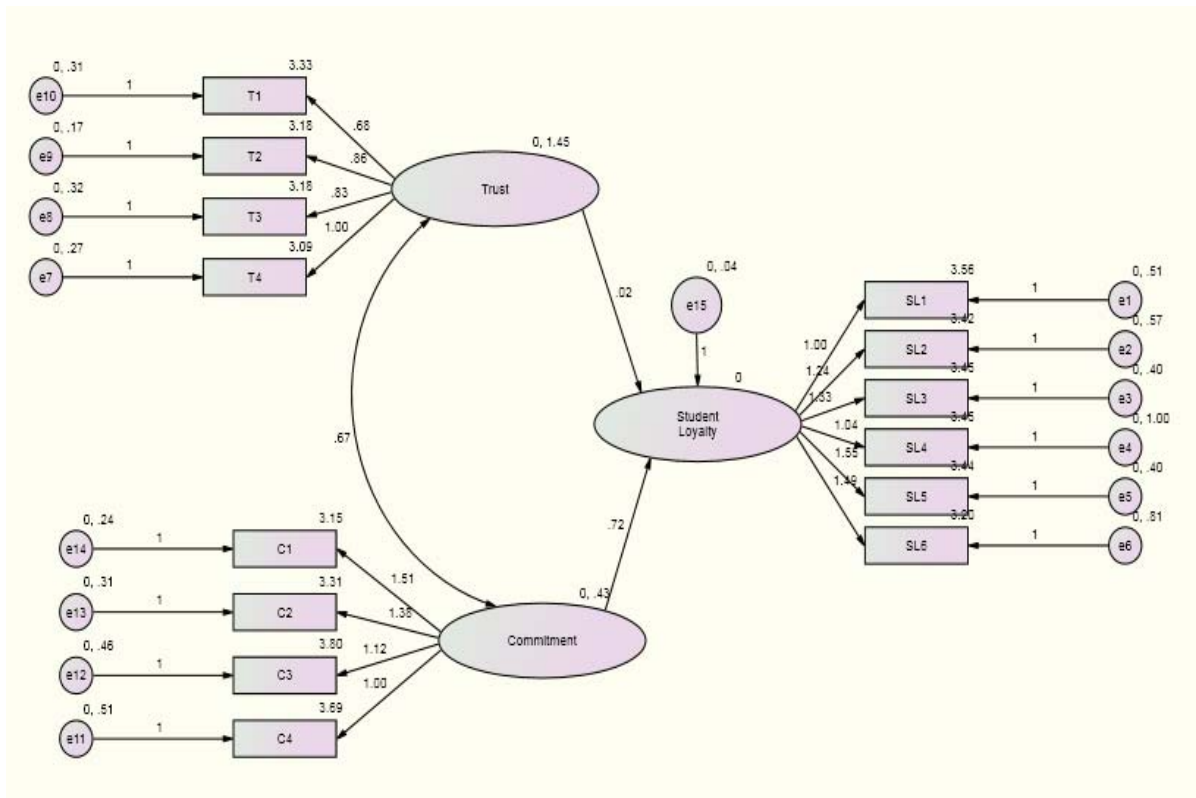
**Table 3: Commitment Value Percentage**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I felt very attach to my university.	10.80	6.94	0.77	0.83
I felt very attach to my faculty.	10.64	7.27	0.74	0.84
I am proud to be able to study at my university.	10.15	7.61	0.73	0.84
I am proud to be able to take the course.	10.26	7.90	0.70	0.86
Overall Cronbach Alpha				0.88

Table 3 shows all scores of value percentage for trust are good and above 0.7 Cronbach alpha. It showed that commitment is very important for students in PHEI. Students' commitment is important for them to finish their course or program in PHEI.

Path analysis is to examine the strength of direct and indirect relationships between post-enrolment decisions and the various antecedents of student satisfaction. A series of parameters are solved/estimated using a basic structure equation (i.e. regression) which is then subjected to 'a test of fit' using a set of causal models.





**Figure 2: Path Analysis: Students' Loyalty, Trust & Commitment**

According to Figure 2, the unstandardized path coefficients are used to label the paths in a diagram of the causal model. The values are also used later to test the null hypotheses  $H_0: \beta = 0$ . Figure 2 showed the student loyalty unstandardized coefficients in predicting private university in Malaysia achievement from perceptions at connectedness using AMOS.

## CONCLUSION

This paper concludes that students' behaviour, attitude and decisions is inherently linked with their perceptions and understanding of their choice of schools. A school's image and brand shape these perceptions and convey a set of expectations to students from which they base their judgments and decisions such as whether to enrol or not to enrol in a particular school, or whether to remain in or drop out of school. The university's image and reputation is subject to be a critical factor that determines students' choice of university and satisfaction. Adversely, poor image or failure of universities to live up to certain expectations is the leading cause of student attrition. The study observed that students studying in universities and colleges with high academic recognition (image) expressed higher satisfaction levels than those institutions with relatively lower academic standing. However, it also found that student attrition rates are twice as high in new schools (i.e. those operating less than two years) than those that are at least 10 years old. However, students' perceptual tendencies have significant influence on student's choice of higher education. Branding is part of the intervention strategy that used by universities to realign students' priorities with the university's own institutional goals, or to correct misconceptions about itself.

Although literatures support the idea that a University's image and Student Satisfaction levels are key antecedents of student loyalty, this report believes that student loyalty does not directly result from 'perceived service quality' and 'student satisfaction', but rather indirectly through the mediation of student's level of 'trust and commitment.' This means that the higher the academic reputation and public image of universities the greater is the chance of that university selected by potential students. Students studying in universities and colleges with high academic achievements and recognition expressed higher satisfaction levels than those institutions with relatively lower academic standing. There is always a challenge in branding private higher education institutions. This study concludes that the proposed survey instrument is sufficient, both, in form and substance, in order to provide answers to the research's hypotheses – although, the questionnaire does require some minor modification to allow easier use by respondents.

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