

## THE MARKETING OF HIGHER EDUCATION: MANAGING STUDENT LOYALTY BASED ON TUITION FEE POLICY AND SERVICE QUALITY

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### ABSTRACT

This research investigates the influence of Single Tuition Fee System (STS) and Service Quality on Universitas Negeri Padang's students' intention to transfer to other universities. It also examines the correlation between Service Quality and STS in influencing the students' intention to switch. The population of this study was 8,314 *non-Bidikmisi* Scholarship students from the class of 2013 and 2014. The sample size was determined by using Slovin formula, and it employed 400 students as the samples by using accidental sampling method. The data have been collected by using survey method with the questionnaires as the data collection method. This study analyzes the data by using path and correlation analysis. Before the main analysis, this study has conducted some preliminary analysis such as normality and multicollinearity test. The result of the research shows that: (1) the STS has a significant positive effect on students' intention to transfer to other universities, (2) Service quality has a significant negative effect on students' intention to transfer to other universities, and (3) There is a significant correlation between STS and service quality in influencing students' intention to transfer to other universities. Some limitations and future study have been addressed.

**Keywords:** Single Tuition Fee System (STS), Service Quality, Students' Intention to Transfer

## PEMASARAN DI PERGURUAN TINGGI: MANAJEMEN LOYALITAS MAHASISWA TERHADAP KEBIJAKAN BIAYA KULIAH DAN KUALITAS PELAYANAN

### ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh Uang Kuliah Tunggal dan Kualitas Pelayanan pada Universitas Negeri Padang terhadap keinginan mahasiswa untuk pindah ke Perguruan Tinggi lain, dan menganalisis korelasi antara Uang Kuliah Tunggal dan Kualitas Pelayanan pada Universitas Negeri. Populasi dari penelitian ini adalah 8.314 mahasiswa UNP *non-Bidikmisi* angkatan 2013 dan 2014. Ukuran sampel ditetapkan dengan menggunakan rumus Slovin sebesar 400 orang mahasiswa dengan menggunakan teknik *accidental sampling*. Data dalam penelitian ini dikumpulkan melalui survey dengan menggunakan kuisioner. Data yang diperoleh kemudian dianalisis dengan menggunakan *path analysis* dan *correlation analysis*. Sebelum analisis utama, penelitian ini juga sudah melakukan tes persyaratan analisis seperti tes normalitas dan multikolinearitas. Penelitian ini menemukan bahwa: (1) Uang Kuliah Tunggal memiliki pengaruh positif signifikan terhadap keinginan mahasiswa untuk pindah ke Perguruan Tinggi lain, (2) Kualitas Pelayanan memiliki pengaruh negatif signifikan terhadap keinginan mahasiswa untuk pindah ke Perguruan Tinggi lain, dan (3) terdapat korelasi antara Uang Kuliah Tunggal dan Kualitas Pelayanan dalam mempengaruhi keinginan mahasiswa untuk pindah ke Perguruan Tinggi lain. Studi ini juga mendiskusikan beberapa kelemahan dan peluang riset dimasa datang.

**Kata-kata Kunci:** Uang Kuliah Tunggal (UKT), Kualitas Pelayanan, minat mahasiswa pindah universitas

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## INTRODUCTION

Based on the 2015 Academic Regulation of Universitas Negeri Padang (UNP), a student is allowed to move from UNP to other universities. It is common if students want to move to other universities due to a particular reason. However, if they move in relatively large numbers, then, this phenomenon becomes a problem for the UNP.

UNP certainly has some students who want to move to other universities. They have several possible reasons to move, such as the higher tuition fees than other universities', the perceived service quality of the university compared to their expectation, and the higher tuition fees compared to their senior colleagues (Hapsari, Clemes, & Dean, 2017; Miranda, Tavares, & Queiró, 2017; Johnston, 1995).

Furthermore, since the last few years, UNP had applied a Single Tuition System (STS), STS is a tuition fees' system where the student will pay with the same amount of money for each tuition fees level in every semester. The amount of payment on STS is varied among students. The UNP has categorized the tuition fees based on the economic condition of the parents of students. Accordingly, a student from a high level of income will pay more than a student from a lower income. Moreover, the university has also considered the number of dependents in that family. The higher the number of dependents, the lower tuition fees is.

Although the implementation of this STS has been arranged in such a way, the reality shows

that most of the students perceived that STS is more expensive than the previous tuition fees system. Some students feel that STS is not fair for them, because they perceived different service quality from the university. Also, it is found a mistake where the student who comes from a lower family income may get a higher tuition fee.

Accordingly, if the UNP ignores these phenomena, the students' intention to transfer to other universities would be increased. Moreover, when the improvement of service quality does not follow the higher STS, they will be dissatisfied and try to find a better place for study (Meesala & Paul, 2018; Han & Hyun, 2017; Hapsari et al., 2017; Mao & Oppewal, 2010).

Based on the above phenomenon, this study aims to examine (1) the influence of STS and Service Quality on the students' intention to transfer to other universities, and (2) to investigate the correlation between STS and Service Quality in influencing students' intention to transfer to other universities

## LITERATURE REVIEW

The students' intention to transfer is related to loyalty concept (Han & Hyun, 2018). It is an attitude where a student has a desire to move to another university. According to Kotler (2003), one way to retain customers is by creating switching barriers for the customers to switch to other product or service. Akwensivie (2014) in his research on food store consumers found that the standard of store service and poor of service

delivery might become a key factor for customer switching behavior.

Switching barrier is an effort which is made by the company or organization to retain the customers such as the university's students (H.-C. Wu & Ai, 2015). The organization, such as the university, may use the service quality improvement based on customers' expectation, and the changing in pricing policy (e.g., tuition fees policy) as the ways to retain the students. Furthermore, Lovelock and Wirtz (2007) assert that to overcome the transfer of customers can be done by delivering high-quality services. By delivering the best service quality, it may lead to the customer retention.

According to some previous studies, service quality has some dimensions, including physical evidence (tangibles), reliability, responsiveness, assurance, and empathy (Mugion, Toni, Raharjo, Di Pietro, & Sebatu, 2018; Miranda et al., 2017; Parasuraman, Zeithaml, & Berry, 1985).

Tangibles are all physical evidence such as physical facilities, equipment and personnel appearance (Miranda et al., 2017; Parasuraman, Zeithaml, & Berry, 1988). Reliability is the ability to deliver promptly, accurately and satisfactorily (Miranda et al., 2017). Responsiveness relates to the willingness to help customers and provide prompt service (Meesala & Paul, 2018, p. 2). Assurance refers to knowledge and courtesy of employees and their ability to inspire trust and confidence (Miranda et al., 2017, p. 2). Empathy relates to caring, individualized attention the firm

provides to its customers (Meesala & Paul, 2018, p. 2). Moreover, Marcovic and Raspor (2010) in their research explain that reliability, empathy, staff competence, accessibility, and physical evidence are the best critical factors for explaining consumer expectations for service quality.

Furthermore, another way to create a switching barrier is by using pricing policy (Zhang, Li, Wang, & Wang, 2016; Martin, Ponder, & Lueg, 2009). A few years ago, UNP made a pricing policy which is known as the Single Tuition System (STS). STS is the tuition fees policy where the students will pay the tuition fees in a fixed amount of money for each semester. In addition, Roos (1999) describes the determinants of moving consumers, among others, because of the price. Mazursky, Labarbera, and Aiello (1987) in their research found that most of the consumers are price consideration, coupon redemption, and they have a tendency to try a new brand.

Also, Sahay and Sharma (2010) explain that the significant change in the price will increase the consumers' desire to move. Moreover, Makwana, Sharma, and Arora (2014) argue that value-added services and pricing strategies are two critical factors that influence consumer behavior on the brand. Also, the price will affect the consumers in considering the quality of service (Iacobucci, Ostrom, & Grayson, 1995).

Some previous studies argue that pricing policy, such as STS has a direct impact on customer loyalty (El-Adly, 2018; Wang, Hu, &

Liu, 2017; Martin et al., 2009). For example, El-Adly (2018) and Wang et al. (2017) have asserted that perceived value on price has a significant impact on customer loyalty. While, one of the indicators of loyalty or disloyalty is an intention to switch. Accordingly, we propose a hypothesis that STS as the pricing policy has a significant impact on student intention to switch (H1).

Service quality is also an antecedent of customer loyalty (El-Adly, 2018; Wardi, Abror, & Trinanda, 2018; Rinala, Yudana, & Natajaya, 2013; Abror, Evanita, & Hidayat, 2012). Abror et al. (2012) assert that service quality has a significant impact on customer loyalty. Moreover, Han and Hyun (2018) and Hapsari et al. (2017) also argue that better service quality will significantly lead to the customer loyalty. Intention to switch is an indicator of disloyalty. Hence, we argue that service quality will have a direct impact on the intention to switch. Hence, from the discussion above, we posit that service quality has a significant impact on customer loyalty (H2).

Pricing policy has a relationship with service quality (Wang et al., 2017; Y. Wu & Zhu, 2017; Liu & Lee, 2016). Liu and Lee (2016) have argued that price and service quality are related. Accordingly, we believe that pricing strategy such as STS has a significant relationship with service quality. Therefore, we propose a hypothesis that service quality is significantly related to service quality (H3).

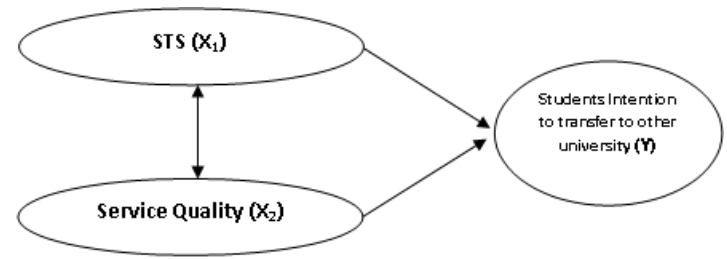


Figure 1 Conceptual Framework

## METHODS

The population of this study was 8,314 non-Bidikmisi Scholarship students from the class of 2013 and 2014. The sample size is determined using Slovin formula (Umar 2009: 49) with the percentage of sampling error 0.05. Hence, we got 400 samples from seven faculties at UNP. We employed proportional sampling for each faculty. This study used the accidental sampling method as the data collection technique by using questionnaires. To analyze the data, we employed path analysis as the analysis technique by using SPSS as the data analysis software package (Hair, Black, Babin, & Anderson, 2010). Before the primary analysis, we have done some preliminary analyses, such as normality, multicollinearity, heteroscedasticity and outlier test (Patrisia & Dastgir, 2017; Abror & Akamavi, 2015). In addition, we used a t-test for hypothesis testing (Wardi, Susanto, Abror, & Abdullah, 2018).

## RESULTS AND DISCUSSION

### **The influence of a single tuition system (STS) on students' intention to transfer to other universities**

Based on the path analysis, The t value of the relationship between STS and students' intention to transfer is 6.615 which is greater than 1.96 as the cut-off point for  $\alpha$  0.05. The coefficient of STS in influencing students' intention to transfer to other universities is 0.316. Hence, we found that STS has a significant impact on students' intention to transfer to another university (H1). This finding supports previous studies (El-Adly, 2018; Wang et al., 2017; Martin et al., 2009). For example, Hasan (2013) explains that customer switching behavior is associated with poor service quality and the reaction to high price.

Furthermore, Roos (1999) also explains that the determinants of moving consumers, among others, due to price. In addition, Mazursky et al. (1987) in his research found that price consideration is one factor which influences the switching behavior. Sahay and Sharma (2010) in their research also argue that the significant price changed will increase the switching intention of the customers. Accordingly, we argue that one significant determinant of student intention to move is the high STS. It means that when the STS is high, the student will have a higher intention to move.

### **The influence of service quality on students' intention to transfer to other universities**

Based on the path analysis, we found the coefficient of service quality in influencing students' intention to transfer to other universities is - 0.219. The t value of this relationship is - 4,588, and it is higher than the t

table at  $\alpha$  0.05 ( $- 4,588 > 1.96$ ). This means that the service quality has a significant and negative impact on the student intention to switch (H2). This finding is similar to some prior studies (Meesala & Paul, 2018; Miranda et al., 2017; Namin, 2017). For instance, Lovelock and Wirtz (2007) assert that to overcome the transfer of customers can be done by delivering good service quality. Moreover, the academic service quality also has a significant effect on student satisfaction (Rinala et al., 2013), hence, when the student satisfied, the willingness to switch will be low.

### **The correlation between service quality and STS**

Based on the correlation analysis, we found that the correlation coefficient between STS and service quality is 0.160 with Pearson correlation significant value 0.001 ( $< 0.05$ ). It means that there is a positive and significant correlation between the STS and the service quality (H3). This finding is in line with Zeithaml and Bitner (2003) and Sunyoto and Susanti (2015) who state that service quality is closely related to the customer's perceived price. Y. Wu and Zhu (2017) also argue that the customer decision making to consume a service will consider the service price and service quality. In addition, Liu and Lee (2016) have also asserted that price and service quality is the key factors for word of mouth. Therefore, service quality and price have a close relationship. Hence, we have to concern both STS and service quality when we want to retain the student.

## CONCLUSION

In conclusion, this study has found that students' intention to move to other universities has two significant antecedents, including STS and service quality. STS has a positive and significant impact on students' intention to move, while, service quality has a significant and negative influence on student intention to move. Furthermore, there is a significant correlation between the independent variables. Furthermore, based on the above results and discussions, to create a high switching barrier for students, we suggest the UNP management to develop STS pricing policy which is affordable by the students, and some improvement in service quality should follow it. This study also has some limitations, such as (1) It is a cross-sectional study. Hence, it has a limitation in result generalization, (2) This study only focuses on two antecedents of switching behavior. For future research, we suggest to expand it to a longitudinal study and add some more variables such as student satisfaction and perceived value (El-Adly, 2018).

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