The Influence of Service Quality, Institutional Reputation, Students’ Satisfaction on Students’ Loyalty in Higher Education Institution

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ABSTRACT

Research highlights the influence of service quality, institutional reputation, student satisfaction in building student loyalty. Quantitative approach was used with a survey method. The research respondents were 185 students from PGRI University Palembang. Analysis techniques using variance-based structural equation models (SEM) SmartPLS. The results of the study shows that service quality has a significant effect on reputation and student satisfaction, but service quality and student satisfaction have no significant effect on student loyalty. On the contrary, the reputation of an institution has a very significant direct effect on loyalty. Student service quality has a significant indirect effect on student loyalty through the reputation of the institution, this implies that the reputation of the institution carries a relative influence relationship between service quality on student loyalty. These findings can help higher education institutions to make better strategic plans to increase student loyalty.

1. INTRODUCTION

Increasing competition between higher education institutions to attract new students have greater emphasis on meeting the expectations and students needs (Thomas, 2011). As a result, higher education institutions are forced to commit for certain quality criteria and adopt market orientation strategies to differentiate them from competitors by providing high quality services and with lasting effects on the institutions and students they serve (Sam Thomas, 2011). According to Poole et al. (2000) that institutions facing high competition and commerce often turn to strategies addressing the quality of services provided and related factors as a means of achieving competitive advantage in an increasingly challenging environment today.

Service quality, in this context, is recognized as a key performance measure for excellence in education and a key strategic variable for universities as service providers (Donaldson and Runciman, 1995). The service quality from an institution can give satisfaction to students (Sik Sumaedi, 2011) and reputation of institution is influenced by service quality of provided by institution (Jong Kim, 2010). Oliver (1997) states that satisfaction with an entity, for example a product or service, is based on experience. On the other hand, Ravald and Grönroos (1996) state that customer appreciation is not only the product focus, but the organization that supplies the product or service. Thus, the satisfaction experienced and reputation of suppliers is important for customer loyalty (Zabala et al., 2005). Institutional reputation is the main determinant of customer loyalty (Tarus and Rabach, 2013), hence the vision of student loyalty as well as the factors responsible for their loyalty behavior must be a major concern when determining the most suitable organizational strategy (Yap et al., 2012; Helgesen and Nesset, 2007). According to Ali Deghan et al. (2014) student loyalty is very important for...
academics and has been the subject of strategic attention for higher education institutions. Student loyalty is greatly influenced by service quality, student satisfaction, and reputation of the university itself (Djafri Fares, 2013). Therefore, this paper investigates the effect of service quality, student satisfaction, reputation of higher educational institutions on student loyalty, and proposed model variants are examined through a structural equation modeling approach.

2. LITERATURE REVIEW

2.1 Student Loyalty

Many experts have defined the meaning of customer loyalty such as Peppers and Rogers; Zeithaml, Bitner and Gremler stated that customer loyalty is an action or strategy that can win the competition for long term, a way to get, retain, and increase the number of customers (Peppers and Rogers, 2005 and Zeithaml et al., 2006). According to Dharmesta (1999); Jill Grifin (2005); and Barnes (2003) revealed that loyal customers are reflected in their behavior in making repeated purchases within a certain period of time, and these customers have a strong emotional relationship with the product or company. Customer loyalty is manifested in various ways including commitment to rebuying or subscribe to products or services that are preferred (Oliver, 1997; Reichheld and Sasser, 1990; Dick and Basu, 1994).

In educational context, student loyalty has short-term and long-term impact on educational institutions. Loyal students positively influence the quality of teaching through active participation and committed behavior (Rodie and Kleine, 2000). Willing to recommend institutions to others. In addition, more and more graduates are continuing their education at a higher level in the same higher education institution to increase their knowledge (Marzo-Navarro et al., 2005).

2.2 Service Quality

According to Zeithaml and Bitner (2018), service quality (SQ) is defined as an evaluation focus that reflects customer perceptions about the specific dimensions of the service provided. Specific perceptions of service dimensions are influenced by several factors including the quality of service received, product quality, price factors and situational and personal factors. 5 dimensions of service quality determinants: Tangibles, Reliability, Responsiveness, Assurance, and Empathy (Zeithaml and Bitner, 2018).

Service quality is important factor for developing and maintaining relationships with customers (Park et al., 2006). Because it has a significant impact on customer satisfaction and customer loyalty to service companies, this construct is a major determinant of a company's success or failure in a competitive environment (Lin et al., 2009).

Service quality is the difference between consumers' perceptions about the services offered by certain companies and their expectations about the companies offering these services (Chou et al., 2011). Lemay et al. (2009) suggests two main factors that affect service quality : a) customer perceptions of the actual service they receive (perceived service), and b) services that are actually expected / desired (expected service).

Service is producers behavior in order to meet the needs and desires of consumers for the achievement of satisfaction to consumers themselves (Kotler, 2002). According to Stanton et al. (2007). Services are activities or actions that can be offered by one party to other parties that are not physical in nature. Kotler (2005) says service quality is a model that describes the condition of customers in the form of expectations for service from past experience, word of mouth promotion, and advertising by comparing the services they expect with what they receive / feel. Lemay et al. (2009) suggested two main factors that affect service quality : a) customer perceptions of the real service they receive (perceived service). Quality must start from the needs of consumers and end on customer perception. This means that a good quality image is not based on the point of view or perception of the provider, but based on the point of view or perception of the customer, and b) the service actually expected (desired service).

2.3 Institutional Reputation

Reputation is: (a) stakeholder assessment of the company's ability to meet its expectations, (b) a collective system of subjective trust among social group members, (c) existing collective trust in the organizational field (d) media visibility and stability obtained by companies and (e) collective representations that are in the minds of many people about an organization from time to time (Alessandri et al., 2006). Eckert (2017) said that the company's reputation is relatively stable and long-term in nature as a result of collective assessment by outsiders of the actions and achievements of a company. Hoffmann et al. (2016), reputation reflects the company's bonafideity. Jesang et al. (2007) defines reputation as something that is often expressed or believed about a person's character or attitude.

An university's reputation is “The recognition or subjective and collective assessment of stakeholders to university, which shows their views, attitudes, evaluations, level of trust, admiration, good feelings, and appreciation of the university from time to time as a result of the university's past actions, which can contribute to the achievement of the university's sustainable competitive advantage (Lupiyoadi, 2016). According to Aula and Tienari (2011), university's reputation can be built in various ways : "societal significance, interdisciplinary innovativeness, and symbolic break with the past". Embed the ideals of becoming the world's top university and building a unique interdisciplinary university that encourages innovation relevant to business practices through the best research and teaching. Emphasizing new
things and new beginnings through symbols that are not directly related to the university. The three themes above are the three main pillars to build a high school reputation.

2.4 Student’s Satisfaction

According to Lupiyoadi (2016) a customer is an individual who continuously comes to the same place repeatedly to satisfy his desires by having a product or getting a service and satisfying that product or service that is accustomed to buying goods or services in one place. Greenwood and Helen (1994), IWA (2007), Sakthivel et al. (2005) argues that customers in the education world are students or students who receive education, while college customers are collegers.

Satisfaction is defined as the perception of pleasant fulfillment of a service (Oliver, 1997). A number of studies have identified determinants of customer satisfaction, such as ease of obtaining information, performance level attributes (Oliva et al., 1992), prior experience (Bolton & Drew, 1991), and search time in choosing services (Andersen & Sullivan, 1993). It is known that the level of satisfaction is determined by difference between service performance as perceived by the customer and what the customer expects (Parasuraman et al., 1986).

The concept of customer satisfaction in education according to Elliot and Healy (2001) that student satisfaction results from evaluating their experience with educational services received. Various factors that influence student satisfaction are personal factors associated with students and institutional factors related to educational experience (Brokaw et al., 2004; Stokes, 2003), and institutional factors including instructor teaching style (Dana et al., 2001), quality of teaching (DeBourgh, 2003), quality and timeliness. feedback from the instructor, interaction with classmates (Fredericksen et al., 2000) and Infrastructure facilities (Helgesen, 2007). According to Salis (2012) at tertiary institutions as customers are students and if students are satisfied with their lectures, they will be interested and diligent in attending lectures.

2.5 Service Quality and Student Loyalty

Service Quality according to Parasuraman et al. (1985) is the difference between customer service expectations and perceived service. Customer behavior theory says that customer satisfaction is the perspective of consumer experience after consuming or using a product or service. An effective way of measuring customer satisfaction is to assess the relationship between customer satisfaction and service quality.

According to Hsu et al. (2008) customer satisfaction can mediate the relationship between quality and customer loyalty. The creation of customer satisfaction is formed from service quality obtained by consumers in accordance with expectations/wishes. It can provide several benefits, including relationships between companies/institutions and customers/students to be harmonious, provide a good basis for repurchases and the creation of customer loyalty, and form recommendations word of mouth that benefits companies/Institutions, such as a university.

2.6 Institutional Reputation and Student Loyalty

There are two reputation elements according to Akhtar et al. (2016), the service quality and institutional progress. By definition, according to Griffin (2005), when there is a repurchase, there is the potential for loyalty to arise and the reputation of the institution to be built due to high service quality. According to Griffin (2005), at the same time, service customers can also feel the indirect consequences of the gait of the institution he is using his services. Pride will arise because he feels he is in a community that has class and is recognized by others who believe. Loyalty to remain in the community will be created by itself.

2.7 Student Satisfaction and Loyalty

Customer loyalty according to Griffin (2005) is a measure for companies to increase profitability continuously. Loyalty occurs if the customer is satisfied and has a close relationship with the company. According to Goestch and Davis (2014), the first step to measuring customer loyalty is to know the level of customer satisfaction. A better measure of customer satisfaction to measure loyalty is the level of customer retention. But customer retention does not describe the overall level of loyalty, so the size of loyalty needs to be measured separately and specifically, which illustrates the quality of the relationship between customers and the company.

According to Weerasinghe et al. (2017) satisfaction is a positive antecedent of student loyalty and is the result and outcome of an educational system. Student satisfaction as a student disposition with a subjective evaluation of the results and educational experience. Therefore, student satisfaction can be defined as a function of the level of relative experience and perceived performance about educational services during the study period.

2.8 Service Quality and Student Satisfaction

Service Quality generally noted as an important prerequisite for establishing and maintaining satisfying relationships with valuable customers. In this way, the relationship between service quality and customer satisfaction has emerged as an important and strategic topic (Cronin & Taylor, 1992). In general, perceptions of service quality are antecedents of satisfaction (Spreng & Mckoy, 1996). Thus, a proper understanding of the antecedents and determinants of customer satisfaction can be seen as having a very high monetary value for service organizations in a competitive environment (Lassar et al., 2000).
Service Quality is a booster for the formation of multidimensional satisfaction. Customer satisfaction as a perception of a product or service that has fulfilled its expectations. Consumer behavior theory states that customer satisfaction is a perspective of consumer experience after consuming or using a product or service (Oliver, 1993).

### 2.9 Institutional Reputation and Student Satisfaction

Reputation according to Selnes (1993) with regard to the character or attitude of someone or something. Customer satisfaction and brand reputation are included in the principles of loyalty. Reputation has two main foundations, service quality and institutional work. Service Quality itself is the overall completeness of features of a product/service that is capable of providing satisfaction with needs.

A strong corporate reputation influences satisfaction (Andreassen & Lindestad, 1998). Reputation is the overall consumer perception of the company, both directly and indirectly related, and what consumers should get when buying a product or service from the company (Fombrun & Shanley, 1990). According to Thomas (2011) that the university's reputation can increase student satisfaction and student loyalty by using two dimensions: Perception of the university's general reputation and perception of study program reputation. Another study concluded that reputation is an important role for customer satisfaction and customer loyalty (Caruana et al., 2004). According to Gul's (2014) there is a significant relationship between reputation, customer satisfaction, trust and customer loyalty. Therefore the study provides a positive sign that by increasing reputation, customer satisfaction and trust increases customer loyalty.

### 2.10 Service Quality and Institutional Reputation

According to Selnes (1993) quality of service really determines an institution's reputation because that reputation can provide attraction to attract customers. Customers who receive good quality products, will feel happy and the experience will be shared with others, so the image of that reputation will get stronger. A strong reputation is a value indicator of the product quality or service.

The service quality dimension is one of reputation dimensions in educational settings, including tertiary institutions. The university's academic reputation can be measured by reputation at the level of study programs, reputation at the institutional level and academic performance. (Wibowo, 2014). From the description of the student services quality and the institution reputation of a college/university above, it can be assumed that service quality delivery of a college or university directly affects the reputation of a higher education or university. Based on the literature review stated above, we can formulate the conceptual framework in Figure 1 and hypotheses as follows:

- **H1**: Quality of service has a direct positive effect on student loyalty.
- **H2**: Institutional reputation has a direct positive effect on student loyalty.
- **H3**: Student satisfaction has a positive direct effect on student loyalty.
- **H4**: Service quality has a direct positive effect on student satisfaction.
- **H5**: Institutional reputation has a direct positive effect on student satisfaction.
- **H6**: Quality of service has a direct positive effect on the reputation of the institution.
- **H7**: Service quality has an indirect effect on student loyalty through the reputation variable of the institution.
- **H8**: Service quality has an indirect effect on student loyalty through student satisfaction variables.
- **H9**: Institutional reputation has an indirect effect on student loyalty through student satisfaction variables.
- **H10**: Service quality has an indirect effect on student loyalty through the variable reputation of the institution and student satisfaction.

### 3. METHODS

#### Participant and Procedure

The study population was all students of PGRI University Palembang. Whereas the affordable population was determined to be undergraduate final semester (S1) students registered in the 2016/2017 academic year of 1,776 students. The number of samples was determined according to Barlett, Kotrik and Higgins Table, (2001: 46) for continuous data with a margin of error of 3%, (margin of error = .03) and alpha 1% of the required number of samples as many as 185 students. Determination of respondents is done by simple random sampling (proportional simple sampling) and proportional to each study program.

#### Measures

Measuring independent variables and dependent variables using five-point Linkert type with alternative answers of respondents stated in the form of interval data from 1 to 5: score 1 (strongly disagree), score 2 (disagree), score 3 (neutral), score 4 (agree) and score 5 (strongly agree).
4. RESULTS AND DISCUSSION

Results

The results of the study were made in a theoretical model diagram, then an analysis was performed to calculate the path coefficient using SEM-SmartPLS 3.0 software Algorithm. Factorial analysis in the structural model and its relation to the dimensions of each variable of student loyalty, service quality, institutional reputation and student satisfaction is done by calculating the loading factor value of each indicator for each dimension of each variable. The results of the analysis of loading factor values and path coefficients are presented in Figure 2.

Based on the from PLS Algorithm Figure 2. and matic tabulation, an evaluation is carried out to determine the convergent validity of each value of the indicator observations. The second convergent validity evaluation results show that all loading values are greater than 0.7, so that all indicators are declared valid and can be used for further analysis.
The PLS Algorithm output against AVE values as given in Table 1 shows that the indicators in the model are declared to be all valid, where all AVE values are greater than 0.5. To ensure there are no problems related to measurements for structural models, the step taken is testing the unidimensionality of the model using composite reliability and alpha Cronbach indicators. For both of these indicators the cut-off value point is 0.7. Table 1 shows that all indicators have a composite composition value and Cronbach's Alpha is above 0.7. Therefore there is no reliability/unidimensionality problem found in the model formed, and the sub-indicators are consistent in measuring the construct.

From the comparative validity test of AVE square root values, it is known that the construct in the model can be said to have quite good discriminant validity. The PLS Algorithm output against AVE values as given in Table 1 shows that the indicators in the model are declared to be all valid, where all AVE values are greater than 0.5.

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Table 1. AVE Value, Composite Reliability and Cronbachs Alpha and R Square for the Second Model

<table>
<thead>
<tr>
<th></th>
<th>AVE</th>
<th>Composite Reliability</th>
<th>Cronbachs Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>0.570</td>
<td>0.969</td>
<td>0.967</td>
</tr>
<tr>
<td>Quality</td>
<td>0.555</td>
<td>0.966</td>
<td>0.963</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.507</td>
<td>0.938</td>
<td>0.931</td>
</tr>
<tr>
<td>Reputation</td>
<td>0.598</td>
<td>0.959</td>
<td>0.956</td>
</tr>
</tbody>
</table>

Table 2. Correlation of Latent Variables

<table>
<thead>
<tr>
<th></th>
<th>Quality</th>
<th>Reputation</th>
<th>Satisfaction</th>
<th>Loyalty</th>
<th>AVE Root</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reputation</td>
<td>0.785</td>
<td>1.000</td>
<td></td>
<td></td>
<td>0.674</td>
<td>0.714</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.780</td>
<td>0.813</td>
<td>1.000</td>
<td></td>
<td>0.554</td>
<td>0.473</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.590</td>
<td>0.678</td>
<td>0.612</td>
<td>1.000</td>
<td>0.651</td>
<td>0.610</td>
</tr>
</tbody>
</table>

Table 4. Direct Effect Value of Inner Model

<table>
<thead>
<tr>
<th>No</th>
<th>Effect</th>
<th>Path coefficient</th>
<th>T score</th>
<th>P score</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Service Quality to Loyalty</td>
<td>0.102</td>
<td>1.029</td>
<td>0.304</td>
<td>Not significant</td>
</tr>
<tr>
<td>2</td>
<td>Institutional Reputation to Loyalty</td>
<td>0.488</td>
<td>4.622</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>3</td>
<td>Student Satisfaction to Loyalty</td>
<td>0.135</td>
<td>1.217</td>
<td>0.224</td>
<td>Not significant</td>
</tr>
<tr>
<td>4</td>
<td>Service Quality to Satisfaction</td>
<td>0.368</td>
<td>4.182</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>5</td>
<td>Institutional Reputation to Satisfaction</td>
<td>0.524</td>
<td>6.572</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>6</td>
<td>Service Quality to Institutional Reputation</td>
<td>0.785</td>
<td>21.612</td>
<td>0.000</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Table 5 Total Indirect Value Effects of Inner Model

<table>
<thead>
<tr>
<th>No</th>
<th>Effect</th>
<th>Path coefficient</th>
<th>T score</th>
<th>P score</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Service Quality to Loyalty via Reputation</td>
<td>0.488</td>
<td>6.363</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>2</td>
<td>Institutional Reputation to Loyalty via Satisfaction</td>
<td>0.071</td>
<td>4.622</td>
<td>0.252</td>
<td>Significant</td>
</tr>
<tr>
<td>3</td>
<td>Service Quality to Satisfaction via Reputation</td>
<td>0.142</td>
<td>5.998</td>
<td>0.000</td>
<td>Not significant</td>
</tr>
</tbody>
</table>
Hypothesis testing (β, γ, and λ) is performed by Bootstrapping resampling method developed by Geiser and Stone. The statistic test used is t statistic or t test. The results of the analysis relate to the results of testing the hypothesis and the explanation of the strength of the relationships between the variables involved in this analysis can be seen in figures 3 and tables 3, 4 and 5.

Based on bootstrapping results, ten hypotheses are tested. The test results obtained that five of ten hypotheses proposed support because it has t value > 1.98 and a p value < 0.05, which means it has a positive and significant effect, H2 Institutional reputation has a positive and significant direct effect on student loyalty; H4 Institutional reputation has a positive and significant direct effect on student satisfaction; H5 service quality has a positive and significant direct effect on student satisfaction; H6 service quality has a positive and significant direct effect on the reputation of the institution, and H7 service quality has a significant positive and significant indirect effect on loyalty through the institution's reputation (t value = 6.363> 1.98, p value = 0.00 <0.05. For 5 (five) hypotheses that do not support, which means no significant effect, H1 service quality has no direct effect on student loyalty (t value = 1.029 <1.98, p value = 0.304> 0.05), H3 student satisfaction does not have a direct effect on student loyalty (t value = 1.217 <1.98, p value = 0.244> 0.05), H8 service quality does not significantly affect indirectly on loyalty through student satisfaction because it results in a path coefficient indirectly lower (0.0497) of the influence directly (0.102), this happens because of student satisfaction was directly does not have a significant effect on loyalty, so it cannot mediate the effect of service quality on student loyalty (Baron and Kenny, 1986). H9 institutional reputation indirectly does not have a significant effect on loyalty through student satisfaction, because it results in an indirect path coefficient lower (0.1517) than the direct effect (0.488) and H10 quality of service does not significantly affect the positive and significant indirect effect on loyalty through institutional reputation and student satisfaction, because it results in a path coefficient indirectly lower (0.0555) than direct influence (0.102).

### Table 6 Total Indirect Value Effect Coefficient

<table>
<thead>
<tr>
<th>No</th>
<th>Path</th>
<th>Indirect</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Quality → Loyalty (via Satisfaction)</td>
<td>0.0497</td>
<td>0.1517</td>
</tr>
<tr>
<td>2</td>
<td>Quality → Satisfaction (via Reputation)</td>
<td>0.4113</td>
<td>0.7793</td>
</tr>
<tr>
<td>3</td>
<td>Quality → Loyalty (via Reputation and via Satisfaction)</td>
<td>0.0555</td>
<td>0.1575</td>
</tr>
<tr>
<td>4</td>
<td>Reputation → Loyalty via Satisfaction</td>
<td>0.0707</td>
<td>0.5587</td>
</tr>
<tr>
<td>5</td>
<td>Service Quality → Loyalty via Reputation and Satisfaction</td>
<td>0.0555</td>
<td>0.1575</td>
</tr>
</tbody>
</table>

### Discussion

#### Direct Effect of Service Quality on Student Loyalty

Service quality does not directly affect loyalty. This statement is based on the path coefficient value 0.102, estimated T value 1.029 < 1.96 and P value 0.304 > 0.05. The direct effect of service quality on student loyalty is only 10.2% (very low) and the remaining 89.8% is influenced by other factors. So the quality of academic services provided to students such as providing good physical facilities, reliability, responsiveness, guarantees, and direct attention to students that are currently done cannot make students loyal. The results of this study are in line with the research of Dib and Mokhles (2013).

In contrast to research by Lee-Kelley, Davies, and Kangis (2002), Bloemer, DeRuyter, and Petters (1998), and Ng and Priyono (2018), service quality variables have a positive and significant direct effect on loyalty. The difference in research results is due to differences in the level of service quality provided by a tertiary institution to the service quality expected by student.

#### The influence of Institution’s Reputation on Student Loyalty

The results shows that institution reputation variable has a direct and significant effect on student satisfaction. The direct effect is 0.524, the T-value is 6.572 > 1.96 and the P-value is 0.00 < 0.050. In other words if the reputation of an institution rises or falls by one unit, student satisfaction rises or decreases by 0.524 units, meaning that reputation has a direct influence on student loyalty and from the quantitative analysis above indicates that high reputation, or broad recognition of the institution, is very related with student loyalty.

Theoretically, this can be explained that good service quality, extensive university work, Government recognition of the National Accreditation Board, and positive student/alumni profiles can be high motivating factor for students not to move or attend lectures until they finally graduate, willing to recommend to others, desires to continue graduate study, and maintain good relations with the college where they study. The results of this study are in line with the results of research conducted by Alves and Raposo (2010); Helgesen and Nesset (2007), and Nguyen and LeBlanc (2013).

Through a strategy which built to maintain and continue improve reputation through improving facilities and infrastructure, gait development and obtaining various acknowledgments from various parties clearly makes it easier for an institution of higher education to excel in increasingly fierce competition, which in turn interests the public to choose to study at higher education institutions will be even greater.

In the relation of reputation to loyalty, the most significant factor is the reputation of study program that students choose. This means, the better reputation of study program will automatically increase student loyalty.
to higher education institutions. This study confirms the research by Deghan et al. (2014) that the higher the reputation will automatically increase student loyalty.

The Effect of Student Satisfaction on Student Loyalty

Student satisfaction did not have a significant effect on student loyalty, this statement was based on a path coefficient value of 0.135, estimated T value of 1.217 <1.96 and P value of 0.224> 0.05. The value of the direct influence of student satisfaction on loyalty is 0.135 meaning that student satisfaction can affect loyalty only by 13.5% (positive but weak), and the remaining 86.5% is influenced by other factors outside the study. The results of this study indicate that the level of satisfaction felt by students is still low so it cannot create loyal students. This result is in line with Griffin (2005), satisfied customers do not guarantee to be loyal. In contrary, Alves and Raposo (2010), Helgesen and Nesset (2007), and Nguyen and LeBlanc (2013), and Martinez-Arguelles and Batalla-Busquets (2016) who find that the effect of satisfaction directly has a significant significant effect towards loyalty.

The Effect of Service Quality on Student Satisfaction

The results show service quality has a positive and significant effect on student satisfaction, where the path coefficient value is 0.368, the estimated T value 4.182 and P value = 0.00, this means that what is received by students exceeds expectations of students. The findings of this study support the research results of Bloomer et al. (1998), Salazar et al. (2004), and Petruzzellis (2011), Gabarino and Johnson (1999), Chen and Dubinsky (2003), Aga and Safakli (2007), Sunaedi et al. (2011), Guolla (1999), Ham et al. (2003) and Bigne et al. (2003). Service quality reviewed is one of the variables that can cause student satisfaction and therefore knowledge of the relationship between the two is important for the higher education institution to build student satisfaction through continuous improvement in service quality.

Effect of Institutional Reputation On Student Satisfaction

The path coefficient value of institutional reputation variable (U-PGRI) to student satisfaction is 0.524> 0.05, T-statistic value is 6.572 > 1.96 and p value is 0.000 <0.050. These results indicate that institution reputation variable can increase student satisfaction, thus the higher reputation of the college, the more effect on student satisfaction. This result is confirmed by Alves and Raposo (2010); Helgesen and Nesset (2007). The results of the study are related to some findings mentioned earlier clearly complementing what was done in this study. The experience of other institutions shows that there is a direct effect of reputation (image) on loyalty.

The Effect of Service Quality On Institutional Reputation

Hypothesis testing results indicate that service quality has a direct and significant effect on institutional reputation. The institutional reputation well known increasing student satisfaction and student loyalty. Good quality service is a characteristic of educational institutions that able enhancing institutional reputation. These results support the research of Deghan et al. (2014). Institutions with strong reputations have superior market positions, although they need to continue to reinvest in resources and skills to maintain their competitiveness. University managers can handle the satisfaction of parents or students to achieve a good university reputation. A carefully crafted program implemented to improve parent/student satisfaction and the reputation of the institution will be an important tool for attracting students in the future.

Indirect Effect of Service Quality on Student Loyalty Through Institutional Reputation Variables

The path coefficient value of the direct effect of service quality variables on reputation is 0.785 and the effect of reputation on student loyalty is 0.488, then the indirect effect of service quality on loyalty is 0.383 while the direct effect of service quality on student loyalty is 0.102, then the total effect of service quality on student loyalty is 0.488 and t statistics = 6.363, and the p value= 0.00, this means that the construct of the institution reputation is said to be mediating in increasing the influence of good service quality. This can be seen from the increase in the value of the path coefficient from 0.102 to 0.488 or an increase in influence from 10.20% to 48.8%. thus the total effect of service quality on student loyalty is 0.590 with an estimated T value = 12.145> 1.96 and P value = 0.00 <0.05, which can be concluded that service quality indirectly has a significant effect on student loyalty through institutional reputation variables. These results are in line with the results of research conducted by Kaura, Prasad and Sharma (2015).

The Indirect Effect of Service Quality on Student Loyalty Through Student Satisfaction Variables

The effect of service quality on loyalty through student satisfaction has no significant effect. Because the indirect effect produced by service quality through satisfaction with loyalty is only 0.0497. This figure shows that the quality of service indirectly through student satisfaction only affects student loyalty by 4.97%, and the remaining 94.03% is influenced by other factors. This result is different from Loureiro et al. (2017), who found that student satisfaction could mediate the effect of service quality on student loyalty.

The Indirect Effect of The Institutional Reputation on Student Loyalty Through Student Satisfaction Variables

The results of this study obtained an indirect effect of institutional reputation variables on loyalty through...
satisfaction is significant, these results are based on indirect influence path coefficient value 0.071, and direct effect of 0.488 so the total effect is 0.559 with t value = 6.994>1.96, and p value = 0.00.<0.05. The results are supported by Eskildsen et al. (1999) which states that student satisfaction can be an intervening variable between the reputation of an institution and student loyalty, this shows that satisfaction should also be considered to increase the loyalty of students. When compared between the direct effect path coefficients and their indirect effects (0.488 and 0.071), the direct effect of reputation is far stronger than the indirect effect through satisfaction. Another finding from this study is student loyalty can be built from the influence of service quality through institutional reputation variable. Institutional reputation variable can have a significant effect both directly and indirectly on student loyalty. Thus, to build student loyalty, what should be a concern is to continue, maintain and enhance the reputation of the institution and to continue and improve the quality of service in order to provide better student satisfaction and to form better student loyalty.

**Service Quality Indirectly Through Institutional Reputation And Student Satisfaction Does Not Have A Significant Positive Effect On Student Loyalty.**

Service quality does not significantly influence student loyalty through intervening variable reputation and service quality, because of indirect path coefficient lower (0.0555) than direct influence (0.102). This is more due to the direct influence of student satisfaction on student loyalty is not significant, so student satisfaction cannot function as an antecedent variable of service quality as reported in several research publications.

According to Lupiyoadi (2016) a lot of research shows that customer satisfaction is not always sufficient for this effect to occur, although it has a positive effect on customer loyalty. Kumar Research (2017) states that during the lecture process, students feel the benefits of the lectures they are taking are satisfied, diligently attend lectures until the end of the study program, re-register at the end of each semester until completing their study program. Furthermore it is said that quality can be interpreted as understanding the needs and pleasing consumers. This means satisfied customers will be loyal. High satisfaction or high pleasure creates emotional attachment to a particular brand, not just rational preferences. The result is high loyalty (Kotler, 2005).

**5. CONCLUSION**

Based on the study of ten hypothetical conceptual frameworks. Overall, five hypotheses were supported and five hypotheses were not supported. Service quality and student satisfaction do not directly influence student loyalty. The institutional reputation has a direct and significant effect on student satisfaction and student loyalty. Service quality has a significant direct effect on the reputation of the institution and student satisfaction. Service quality indirectly through student satisfaction does not significantly influence student loyalty. But the direct effect on student loyalty through the institutional reputation, these results indicate that the service quality provided can make students to be loyal through institutional reputation variable. Institutional reputation has an indirect effect on student loyalty through intervening variable student satisfaction. Service quality indirectly through the institutional reputation and student satisfaction does not significantly influence student loyalty.

**Implication**

Based on research findings, service quality is very influential on institutional reputation and student satisfaction. Therefore educational institutions need to continue, striving and improving the service quality in order increasing student satisfaction and institutional reputation, and ultimately increasing student loyalty. The influence of institutional reputation on loyalty is the most significant factor. Where higher the reputation of the institution will be able to increase student loyalty to higher education institutions.

Student loyalty is one of the success key factors in managing tertiary institution. Students do not move to other places, students’ willingness to recommend others to study where they are now studying and are willing to continue their Masters and maintain good relations with U-PGRI are the four strategic impacts of student loyalty. The findings of this study provide managerial implications in the context of increasing student loyalty. Study results indicate that service quality is an appropriate instrument for measuring service quality in education. In addition, because all dimensions of service quality attributes are positively correlated with customer satisfaction and reputation, educational institutions must emphasize all dimensions of service quality in maintaining and improving service quality for students.

In an effort to build student loyalty, what should be a concern for higher education management is continuing, maintaining and improving the reputation of the institution and continuing and improving the service quality in order to provide student satisfaction and form better student loyalty.
Suggestion

Based on findings in study, it is recommended for further improvement, a) Using reputation variable as a mediation towards the formation of Higher Education student loyalty. 2) Future research can broaden the scope and identify other possibilities of student loyalty, in addition to investigating other moderating factors regarding the relationship between service quality, reputation and student satisfaction on loyalty such as commitment, perceived value, education costs, brand, retention and commitment, and 3) Further studies suggest to make a comparative study, to find out whether there are differences in the influence of service quality, institutional reputation and student satisfaction on student loyalty at both public and private universities and examine more variables and indicators used.

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