

# **The Corporate Image of UiTM Kuala Terengganu; A Study of the Students' Satisfaction and Loyalty**

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## **Abstract**

*Over the last few years, institutional image has become an important element to the competitiveness of higher education institutions. The situation needs for the universities to focus on establishing a strong corporate image by highlighting students' satisfaction and loyalty. This study examined the relationship between the students' satisfaction and loyalty towards the corporate image of UiTM Kuala Terengganu (UiTMKT). A sample of 306 students was selected among undergraduate students of UiTMKT. The findings showed that students' satisfaction and loyalty were found to be significant drivers of the corporate image of UiTMKT in which students' loyalty emerged as the main predictor. The findings also confirmed the positive relationship between students' satisfaction and loyalty towards corporate image of UiTMKT. As such, the university has to focus on stakeholder imperative because students' satisfaction and loyalty can give a considerable impact to corporate image of the university.*

**Keywords:** Corporate image, satisfaction, loyalty, university

## **1.0 Introduction**

Universities were now faced with increasingly competitive and commercial environments, turned to the strategy of addressing the quality of service delivery and related factors as a way of obtaining a good image and reputation [1]. Since the higher education industry is becoming more competitive, it is important to ascertain the driving factors which influence students' satisfaction and loyalty in the effort to enjoy the benefits of building better corporate image [2].

This scenario of increasing competitiveness, together with the growing limitation of public resources for higher education and the social debate about the need for universities to improve their ability to generate their own income makes image an essential part of modern strategic management in these institutions[3]. Brand image within universities and other education institutions is likely to be just as important as for other types of service organisations. However,

despite the trend towards a stronger market orientation and commercial focus within universities, the process of brand building within such institutions is likely to remain challenging [4].

According to Carlos and Eduardo, image can influence consumers' (students') behavior. The image of a university develops over time in a series of encounters, which are experienced by students and other constituents. These encounters can occur at any point and include planned and unplanned communication messages from a variety of sources, as well as experiences with university employees or the service processes. In the context of a traditional university such encounters could include a network of interactions the students have with the university staff, faculty, students and facilities [5].

Sung and Yang's review of the academic literature and find several studies showing that corporate image is important to attract potential public, enhance buying intentions and satisfaction, develop loyalty and increase sales. It is also found that student satisfaction is related to recruitment and retention and academic success which has led university administrators to pay great attention to those factors that help them to effectively attract students and create a supportive learning environment [6].

There is a strong relationship between customer satisfaction and loyalty and much had been said about the advantages of securing customer satisfaction and loyalty. One study discovers that increased customer satisfaction can be linked to customer loyalty and profit [7]. Another important determinant of loyalty is the image of a university or college, which is defined as the way it is perceived by various societal groups. It can be influenced by tangible and intangible elements and can be made up of several components, such as "academic reputation, campus appearance, cost, personal attention, location, and distance from home, graduate and professional preparation, career placement, among others" [8].

Another study in Portugal University College finds strong links between students' satisfaction, university image and students loyalty [9]. An important component of student's satisfaction and their loyalty with higher education institutions and thus of their image of the university is a sense of being part of the community or of "belonging" [10]. It concludes that the image of the institution held by students is an important determinant of students' loyalty and should be carefully considered and monitored by the management [8].

Generally, the purpose of this study is to determine the corporate image projected by UiTMKT. Particular attention has been given to education sector because of increasing importance for education institutions to gain better image and reputation.

## **2.0 Methodology**

A total of 306 questionnaires were distributed. These questionnaires adopted self-delivered approach. The questionnaires consisted of four sections including demographic section. In section A, four questions covering from the subjects of gender, age, faculty and their semester of study. Section B focused on factors that influence students' satisfaction. Section C consisted of six items to discover the students' loyalty and Section D identified the corporate image factors.

Three hypotheses were developed:

- H<sub>A1</sub> There is a positive relationship between the students' satisfaction and university's corporate image.
- H<sub>A2</sub> There is a positive relationship between the students' loyalty and university's corporate image.
- H<sub>A3</sub> There is a positive relationship between the students's satisfaction and their loyalty to UiTMKT

There were 1504 undergraduate students in the campus for semester July-November 2010. Thus, the total population for the study is 306. The study applied stratified sampling method whereby the faculties were divided into five namely, faculty of business management, accountancy, science, art and design and office management and technology.

The data collected were analyzed using the Statistical Packages for Social Science (SPSS), version 17.0. The study used both descriptive and inferential statistics. The descriptive statistics include mean and frequency whereas the inferential statistics include Pearson Product-Moment Correlation Coefficient.

### 3.0 Findings and Discussion

The study was conducted to examine the factors which influence corporate image through the two variables namely students' satisfaction and students' loyalty.

The descriptive statistic for respondent profiles indicated that out of 306 respondents, most of them were female with the percentage of 75.8% while the remaining 24.2% were males. The largest group of the respondents was from the age group of 18-23 years old (98.4%) and only 1.6% represented the age group of 24-29 years old. In the context of percentage according to faculties, it revealed that 23.3% of them were from the Faculty of Office Management and Technology, 20.9% were from the Faculty of Business Management, 20.3 % were from the Faculty of Accountancy and 18.3% were from the Faculty of Art and Design. Another 17.3% were from the Faculty of Science. Most of the respondents (23.9%) were in semester 3 followed by semester 1 with 23.5%. Another 15.7% in semester 6, 15.4% semester 5, 11.1% semester 4, 8.5% semester 2, and 1.6% from semester 7. However, only 0.3% of the respondents were in semester 8.

**Table 1: Correlation Analysis (n=306)**

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No. of Variables	Mean	SD	1	2
1. Students' Satisfaction	4.087	.66		
2. Students' Loyalty	3.870	.67	.536**	
3. Corporate Image	3.971	.49	.514**	.612**

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\*\* . Correlation is significant at the 0.01 level (2- tailed).

Pearson Product-Moment Correlation Coefficient was used to assess the relationship among variables (independent and dependent variables). Table 1 shows the result indicating that independent variables are statistically significant with the p-value of 0.000 at 0.01 significant levels. The students' satisfaction which represented in Section B had a positive relationship with the university's corporate image. It indicated a positive and moderate correlation with substantial relationship when referred to strength association with  $r=0.514$ . Thus, the finding supported hypothesis 1 that there are a positive relationship between students' satisfaction and the UiTMKT corporate image.

The students' loyalty in Section C formed the highest Pearson Correlation analysis with  $r=0.612$ , indicating that this variable also has a positive and moderate correlation with a substantial relationship towards the university's corporate image. Hence, hypothesis 2 was also supported. Based on the result, it is apparent that a positive relationship did exist between students' satisfaction and their loyalty towards UiTMKT. It showed that the value of the correlations between students' satisfaction and students' loyalty was at .536. Hypothesis 3 predicted that there was a positive relationship between the students' satisfaction and their loyalty. Hence, the third hypothesis of this study was also supported.

Based on the findings, it can be concluded that students' satisfaction and students' loyalty were found to be significant drivers of corporate image of UiTMKT in which the latter emerged as the main predictor. The findings were also supported by other studies' findings that students' loyalty positively influence corporate image of university. Hence, securing students' satisfaction and students' loyalty is vital in every institution in projecting good corporate image among its stakeholders. It is possible to say that to measure and understand the students' satisfaction and loyalty is very important because of its influence over university image formation process.

#### **4.0 Implication**

The findings indicate an important implication to the university in term of managing corporate image. The findings are very useful for the universities to recognize and evaluate various aspects of the students' satisfaction and loyalty which contribute to corporate image of the institution. The university's good corporate image is established when the students are satisfied and tend to be loyal to the university. The management of the universities should pay attention in developing their educational institution in various aspects of the students' satisfaction and students' loyalty perception. Further, the findings provide an important implication to the management. It is suggested that by maintaining a favorable corporate image of the university, it would be able to gain its outgoing undergraduate loyalty into becoming the paying customers of the university. Again, the university could benefit from the behavior of its satisfied students. These results also suggested that universities or similar institutions should focus on image enhancement efforts by the way they deliver services to the students. The results from this study indicated satisfaction itself directly motivates loyalty intentions. Satisfaction rates as an important contributor to any theory aimed at increasing loyalty intentions. Thus, satisfaction may have a use as an important factor in predicting loyalty intention among students towards the image of UiTM itself.

#### **5.0 Conclusion**

The increased competition between universities is conferring greater importance to the image of those education institutions both from a scientific point of view as a subject for study, and from a practical point of view as a way to obtain competitive advantage. In striving to be successful, every institution particularly UiTMKT must be concerned with portraying itself in a positive way. This study identified the relationship between the students' satisfaction and loyalty towards corporate image of UiTMKT. Based on the results, it was proven that the students' satisfaction and students' loyalty had a positive relationship with corporate image. This is agreed upon by other literatures which argue that meeting students' satisfaction as well as securing students' loyalty may potentially improve the corporate image of the university. This study also confirmed the correlation between students' satisfaction and students' loyalty towards UiTMKT. Hence, the result showed that students' satisfaction is important in determining loyalty. Institutions that would like to achieve the loyalty of their students must have an impact on students' satisfaction.

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