

The Effect of Value Perception on Customer Loyalty and Satisfaction. (A Study of University Students)

Nageena Tabassum, Zeeshan Zafar, Ashraf Ali, Altaf Alam .
Muhammad Ashraf Ali

*M. Phil Scholar, Department of Management Sciences, University of Lahore Lahore , Pakistan
Department of Management Sciences, University of Lahore Lahore , Pakistan*

M. Phil Scholar, Department of Management Sciences, University of Lahore Lahore , Pakistan

*M. Phil Scholar, Department of Management Sciences, University of Lahore Lahore , Pakistan
Department of Management Sciences, University of Lahore Lahore , Pakistan*

Abstract: Purpose: *The objective of current research is to study the effect of value perceptions on student loyalty and satisfaction.*

Methodology: *Final analysis was performed on 120 valid responses. Reliability of scale was checked by using cronbach's alpha statistics. Correlation analysis was employed to study the relationship between functional value, epistemic value, social value, conditional value, emotional value, image, monetary sacrifices, non-monetary sacrifices, emotions, knowledge, satisfaction (independent variables) and intention to recommend (dependent variable). Further regression analysis was carried out in order to test the hypothesis.*

Findings: *The statistical analysis of this research reveals that there is a positive and significant alliance between all variables. Further the research reveals that among other variables satisfaction has greater contribution towards building long term loyalty.*

Practical implication: *This research highlight the need of improving business department in university of Sargodha for the attainment of loyal students as the outcomes of this paper shows that department is continuously working and have more loyal and satisfied students base than their competitors.*

Originality/value: *To the best of researcher's knowledge this research is the best of its kind which studies student satisfaction and loyalty in business department of university of Sargodha.*

Key words: *Functional value, epistemic value, social value, conditional value, emotional value, image, monetary sacrifices, non-monetary sacrifices, emotions, knowledge, satisfaction, intention to recommend, university of Sargodha.*

Paper type: *Research paper.*

I. Introduction.

Student opinions about all aspects of academic life are now sought by educational institutions worldwide, generally, in the form of a satisfaction feedback questionnaire. Increasingly higher educational institutions are realizing that higher education could be regarded as business like service industry and they are beginning to focus more on meeting or even exceeding the needs of their students. In this student satisfaction and loyalty survey, within the context of University of Sargodha Faculty of Business this paper addresses.

This survey is aimed at the students studying in different semesters to seek their views on a number of aspects of assessment, image, knowledge and support provided by their university and its course. Image (value) has strong impact on retention of current students and attraction of potential students. Therefore, it is defined as "customer's overall assessment of the utility of a product".

This paper investigates how students perceived the services they are offered at University of Sargodha and how satisfied they are with them and focus on value of course selected by a student and to examine the impact of different factors (emotion and knowledge) on student satisfaction and further impact on behavior loyalty.

Student satisfaction and loyalty has become an extremely important issue for universities and their management. The aim is to try to maximize student satisfaction and loyalty towards their institution, and minimize dissatisfaction and therefore retain students and so improve the institutional performance across a number of league tables.

Student satisfaction and loyalty are quite common in the world, as universities are expected to provide its student with excellent learning environments, well supported lecturers, and appropriate support services, most German universities have not as yet paid sufficient attention to student satisfaction and loyalty.

Our research is related to both student satisfaction and behavioral loyalty. The survey was conducted at University of Sargodha (Department of Business Administration) in April 2011. 120 questionnaires were filled

by the student's studying under different courses (MBA, BBA, B.COM, and M.COM) at Department of Business Administration. On the basis of framework of variables hypothesis was tested. 10 independent variables are included in the research and two dependent variables are present.

Student satisfaction can be explained in terms of perceived value. We begin study by reviewing literature on different variables, satisfaction and loyalty. We then describe a study that uses the correlation, regression and mean techniques that explain the student satisfaction and loyalty level. The research study uncovers the constructs that underlie student's expectation.

II. Literature Review And Hypothesis

Emotional Value:

Emotional value is the economic value or monetary worth of feelings when customers positively experience products and services. Emotional value or any other dimension can make or break a business. Emotional value relates to benefits obtained from an offering's ability to arouse feelings and/or affective States, for example a sense of gladness or self-achievement.

So the people who have ability to arouse feelings or the ability of self-achievement are satisfied with their jobs while others do not. So in this way emotional value have a positive relation with satisfaction.

Emotional value is significantly related to loyalty. For example in case of customers during shopping; those who are in a good mood are more likely to stay longer in the Shopping environment and will make more purchases.

H1; There is a significant, positive correlation between emotional value and intention to recommend.

H2; There is a significant, positive correlation between emotions and intention to recommend.

Epistemic value:

Values, like truth, approximate truth, closeness to the truth, empirical adequacy, and predictive accuracy are called epistemic values.

Epistemic value refers to benefits derived through an offering's ability to arouse desire for knowledge, and is particularly relevant in the educational context.

The epistemic value is positively related to satisfaction.

When satisfaction higher and uncertainty in choosing the university will be low and inter-personal interactions and development of trust will be high.

In case of banking business service quality has dimensions "Technology security and information quality", "technology convenience", "technology Usage easiness and reliability" and "customer service" and these all boost the customer confidence and trust.

H3; There is a significant, positive correlation between epistemic value and intention to recommend.

Functional Value:

Value of a product reflects the owner(s)/buyer(s)' desire to retain or obtain a product. Individual's level of desire to retain or obtain a product depends on how much the product details and/or its performance agree with the value system of value concept - marginal value - criteria of a product - utility ratings the individual.

Functional value relates to the performance/utility of a product or Service, i.e. an offering's ability to fulfill the function that it has been created to provide. In this context, it refers to students' Expectations that their chosen course of study will gain them employment or career Advancement.

Customer performance which basically relates to the functional benefits that users derive from using the tool? Such as: time savings, convenience, fit with one's needs and context, enhancing the effectiveness of one's tasks such as the amount of information that a user can process. These dimensions show that functional value has a direct and big impact on satisfaction.

H4; There is a significant, positive correlation between functional value and intention to recommend.

Social Value:

Larger concept which includes social capital as well as the subjective aspects of the citizens' well-being, such as their ability to participate in making decisions that affect them. Benefit from dedicated career & tailored student support services. Social value represents benefits derived through the beliefs of referent others such as friends and family.

There exist a significant Relationship between social value and information collection. When using new technological advances social value can lead to and maintain higher levels of satisfaction. For example using internet increase our self-esteem and self worth and in this way significantly enhance the take up of new technologies by people.

The significant Relationship between social value and information collection about anything from e-commerce is present.

H5; There is a significant, positive correlation between social value and intention to recommend.

Image Value:

An imitation or representation of any person, thing, or act drawn, painted, or otherwise made perceptible to the sight, a visible presentation, a copy, a likeness; a picture.

Perceived service quality is that which include ambient conditions, social factor, and physical environment. Service quality positively influences the satisfaction and loyalty.

The image should positively relate to consumer's purchase intention of a luxury brand. So image is positively related to satisfaction.

H6; There is a significant, positive correlation between image and intention to recommend.

Knowledge:

The state or fact of knowledge. Awareness or understanding gained through experience or study. Knowledge also represents the accumulated information/learning acquired by the student about his/her Chosen course of study over the duration of its consumption.

Knowledge operates as a direct positive influencer of purchase Intention. Consumers with higher levels of product knowledge are able to purchase the product. When consumer has more knowledge about the product then at that time satisfaction level will be high and customer will be more loyal.

H7; There is a significant, positive correlation between knowledge and intention to recommend.

Conditional Value:

This is performed by assessing the likelihood (at a specific confidence level) that a specific loss will exceed the value at risk. This term is also known as "Mean Excess Loss", "Mean Shortfall". Therefore, if losses are incurred, the amount of the losses will be substantial in value.

Conditional value represents context specific benefits, which in the educational domain take the form of teaching materials, computer labs, etc.

H8; There is a significant, positive correlation between conditional value and intention to recommend.

Monetary And Non- Monetary:

The price paid or required for acquiring, producing, or maintaining something, usually measured in money, time, or energy; expense or expenditure; outlay suffering or sacrifice; loss are called monetary sacrifices.

Non-monetary are not payable in money, such as those payable in services (i.e., warranties payable) Examples of non-monetary income statement accounts is depreciation.

In case of education Monetary sacrifices are costs such as course fees, accommodation costs, purchase of textbooks and non-monetary sacrifices are such as students' loss of leisure time, e.g. gossip with friends or family.

Costs include monetary and non-monetary sacrifices. A positive relationship is present between costs and satisfaction. The relation between customer satisfaction and Loyalty to the employee is also significant.

H9; There is a significant, positive correlation between monetary sacrifices and intention to recommend.

H10; There is a significant, positive correlation between non-monetary sacrifices and intention to recommend.

H11; There is a significant, positive correlation between satisfaction and intention to recommend.

III. Methodology

This research paper has been conducted in order to find out the impact of student satisfaction in Department of Business Administration at University of Sargodha and to find out loyalty of students to their educational institution. For this purpose a sample of 120 questionnaires was filled from the University of Sargodha (Department of Business Administration), which is one of the well renowned universities of Pakistan. The questionnaire for this research was adopted from the study (Lesely Ledden and Stavros P. Kalafatis). The questionnaires were filled from the students of different degrees (MBA, BBA, B.COM, and M.COM) studying

at university (Department of Business Administration) in different semesters. From a total of 120 questionnaires, 120 completely filled questionnaires were returned; no one was lost during the process.

For conducting this study the data was collected from both primary and secondary sources. The questionnaires were filled in the month of April, 2010. The questionnaire consisted of the total 25 questions which were classified according to the variables of this study, each variable having two questions in the arrangement as; Functional value, Epistemic value, Social value, Emotional value, conditional value, image, monetary sacrifices, non-monetary sacrifices, emotions and knowledge and last 4 questions were related to dependent variables 2 were related to the satisfaction and next 2 were related to behavioral loyalty. One additional question was used, which was about demographics (age of respondents).

The five-point Likert-type scale was used ranging from strongly disagree to strongly agree. Descriptive statistics and the comparison of mean have been used to study the response of the sample. The Cronbach's Alpha revealed the result for the overall homogeneity between the variables of this research and the items of scale used in this research to measure the variables.

Correlation analysis were used to study the relationship between the variables such that these analysis studied the positive relation of all the independent variables (Functional value, Epistemic value, Social value, Emotional value, Conditional value, Image, Monetary sacrifices, Non-monetary sacrifices, Emotions and Knowledge) with the dependent variables (Satisfaction and Behavioral loyalty). Regression analysis was used in order to test the hypothesis for this research. Analysis of the replies offers confidence in the timing of data collection, formal tests and significant positive relationship between dependent and independent variables.

IV. Results

Frequencies

Statistics table (1)

age group in years

N	Valid	120
	Missing	0

	Frequency	Percent
Valid 17-19	22	18.3
20-22	74	61.7
23 and above	24	20.0
Total	120	100.0

Data Analysis and Interpretation

Descriptive

Table (2)

	N	Mean	Std. Deviation
functional value	120	3.6125	.88986
Epistemic value	120	3.8792	.73335
social value	120	3.8042	.73706
emotional value	120	3.8833	.73546
conditional value	120	3.6333	.81409
image	120	3.7000	.82350
Monetary sacrifices	120	3.6083	.69869
Nonmonetary sacrifices	120	3.1833	.97216
emotions	120	2.9583	.86380
knowledge	120	3.4542	.84265
satisfaction	120	3.5167	.84995
Intention to recommend	120	3.3625	.90508
Valid N (list wise)	120		

Means

Case Processing Summary table (3.1)

	Cases					
	Included		Excluded		Total	
	N	Percent	N	Percent	N	Percent
Intention to recommend * age group in years	120	100.0%	0	.0%	120	100.0%

Report table (3.2)

Intention to recommend

age group in years	Mean	N	Std. Deviation
17-19	3.4348	23	.74322
19-21	3.3767	73	.85708
21-23	3.2500	24	1.17954
Total	3.3625	120	.90508

Reliability

Scale: ALL VARIABLES

Case Processing Summary table(4.1)

		N	%
Cases	Valid	120	100.0
	Excluded	0	.0
	Total	120	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics table(4.2)

Cronbach's Alpha	N of Items
.823	24

Correlation:

Table (5)

Table 5 indicates that there is a positive correlation (R: .322) between emotional value and intention to recommend which is also significant at 0.000 level. Therefore we accept H1.

Table 5 indicates that there is a positive correlation (R: -.163) between emotions and intention to recommend which is not significant at 0.075 level. Therefore we reject H2.

Table 5 indicates that there is a positive correlation (R: .196) between epistemic value and intention to recommend which is also significant at 0.032 level. Therefore we accept H3.

Table 5 indicates that there is a positive correlation (R: .069) between functional value and intention to recommend which is not significant at 0.454 level. Therefore we reject H4.

Table 5 indicates that there is a positive correlation (R: .211) between social value and intention to recommend which is also significant at 0.021 level. Therefore we accept H5.

Table 5 indicates that there is a positive correlation (R: .406) between image and intention to recommend which is also significant at 0.000 level. Therefore we accept H6.

Table 5 indicates that there is a positive correlation (R: .372) between knowledge and intention to recommend which is also significant at 0.000 level. Therefore we accept H7.

Table 5 indicates that there is a positive correlation (R: .379) between conditional value and intention to recommend which is also significant at 0.000 level. Therefore we accept H8.

Table 5 indicates that there is a positive correlation (R: -.026) between monetary sacrifices and intention to recommend which is not significant at 0.777 level. Therefore we reject H9.

Table 5 indicates that there is a positive correlation (R: .120) between non-monetary sacrifices and intention to recommend which is not significant at 0.193 level. Therefore we reject H10.

Table 5 indicates that there is a positive correlation (R: .536) between satisfaction and intention to recommend which is also significant at 0.000 level. Therefore we accept H11.

Regression

Model Summary table (6.1)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.601(a)	.361	.296	.75946	1.734

- a. Predictors: (Constant), satisfaction, monetary sacrifices, emotions, nonmonetary sacrifices, Social value, functional value, image, epistemic value, knowledge, conditional value, emotional value
- b. Dependent Variable: intention to recommend

ANOVA table (6.2)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.190	11	3.199	5.546	.000(a)
	Residual	62.292	108	.577		
	Total	97.481	119			

- a. Predictors: (Constant), satisfaction, monetary sacrifices, emotions, nonmonetary sacrifices, Social value, functional value, image, epistemic value, knowledge, conditional value, emotional value
- b. Dependent Variable: intention to recommend

Coefficients table (6.3)

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.147	.687		1.668	.098
	Functional value	-.193	.094	-.190	-2.051	.043
	Epistemic value	-.056	.120	-.045	-.463	.644
	Social value	.042	.107	.035	.395	.694
	Emotional value	.063	.133	.051	.471	.638
	Conditional value	.063	.120	.057	.530	.597
	image	.173	.104	.158	1.674	.097
	Monetary sacrifices	-.066	.105	-.051	-.623	.535
	Non monetary sacrifices	.058	.080	.062	.719	.474
	emotions	-.012	.090	-.011	-.130	.897
	knowledge	.102	.101	.095	1.013	.313
	satisfaction	.451	.118	.424	3.836	.000

- a. Dependent Variable: intention to recommend

H12: Functional value, Epistemic value, Social value, Emotional value, Conditional value, Image, Monetary sacrifices, Non-monetary sacrifices, Emotions, Knowledge and Satisfaction significantly Explain the variance in Intention to recommend.

Table 6.1 indicates the value for Adjusted R Square (.296) which shows that the independent variables (Functional value, epistemic value, Social value, Emotional value, Conditional value, Image, Monetary sacrifices, Non-monetary sacrifices, Emotions, Knowledge and Satisfaction) explain 29% of variance in intention to recommend. The value of Durbin-Watson statistic (1.734) also falls within the acceptance range, therefore indicating that there is No autocorrelation among the variables being studied.

Table 6.2: Similarly the ANOVA table shows that the F-statistic value of 5.546 is significant at 0.000 levels. Therefore we accept H12.

Case wise Diagnostics table (6.4)

Case Number	Std. Residual	Intention to recommend
37	-3.720	1.00

a. Dependent Variable: intention to recommend

Residuals Statistics table (6.5)

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.6778	4.5971	3.3625	.54379	120
Residual	-2.82526	1.43658	.00000	.72351	120
Std. Predicted Value	-3.098	2.270	.000	1.000	120
Std. Residual	-3.720	1.892	.000	.953	120

a. Dependent Variable: intention to recommend

V. Conclusion and Discussions:

The major objective of this study is to investigate direct relations between (functional value, Social value, epistemic value, Emotional value, conditional value, image, knowledge, emotions, monetary and non-monetary sacrifices) and student satisfaction and intention to recommend. In the division of age respondents, the respondents belonging to 20-22 years are more satisfied and loyal with their degree and institute as compared to respondents belonging to 17-19 years. For completeness purposes the pattern of the impact of the value dimensions on satisfaction and in turn to intention to recommend. The functional value (perceived performance/utility of a product or service) has a positive and significant relation with satisfaction and loyalty.

When performance of the teachers and all employees will be good then at that time there will be higher satisfaction and student will be loyal to its institute. The epistemic value shows the belief of friends and family. So in this case we prefer that degree which is referred by our friends and family. In case of social value there will be also significant and positive relation with satisfaction and loyalty.

There is general that the image of the any institute (in this case, the university) plays an important role in student satisfaction and loyalty. Decision to take admission in most preferred university or degree is expected to be associated with a positive emotional state, and at the same time it is logical to assume that the preferred supplier will be associated with a high image level.

In terms of knowledge in this case should have more information about course, time table etc. The department should provide about all aspects proper information to students. Knowledge about a product or service shapes expectations about consumption outcomes against which received performance is evaluated. In addition to the above dimensions, knowledge has been found to be a determinant of satisfaction and loyalty.

In case of monetary sacrifices (in this case, the start of the course) the actual costs (such as tuition fees, accommodation etc.) are known and has significant positive relation with satisfaction and loyalty. Same in the case of non monetary sacrifices students should focus on projects; assignments etc and in this case become more loyal to their degree and institute.

Collectively, the results provide considerable explanatory powers these variables offer a theoretically grounded basis on which to analyze changes in value. Finally, there is conurbation of the need to examine that there is support for the satisfaction and loyalty by all dimensions or variables.

Limitations

There are numerous boundaries of current research that ought to address in near future. The data were collected only from business department of university of Sargodha "Sargodha" and outsider' people beyond the boundary of business department of university of Sargodha were ignored.

This research is restricted to facilities provided to the business department of university of Sargodha.

This research has been conducted in Sargodha so culture conflicts may manipulate apparent advantages to the research field.

Student loyalty is measured through using functional value, Social value, epistemic value, Emotional value, conditional value, image, knowledge, emotions, and monetary, non-monetary sacrifices and satisfaction. All other factors were ignored.

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