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STUDENT LOYALTY MODELING MODELIRANJE STUDENTSKE LOJALNOSTI

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[SAŽETAK ABSTRACT](#)

"Iz marketinške perspektive lojalnost studenta ključni je cilj mnogih institucija visokog obrazovanja. Naime, lojalnost studentske populacije izvor je konkurentne prednosti. Svrha ovoga istraživanja jest razviti empirijski model koji povezuje lojalnost studenta s njegovim zadovoljstvom, povjerenjem i društvenim poistovjećenjem s institucijom. Podaci su prikupljeni na uzorku od 226 studenata preddiplomskog studija menadžmenta i računovodstva s Ekonomskog fakulteta Tarumanahgara Sveučilišta u Jakarta, Indonezija. Provedeno je empirijsko istraživanje kako bi se predloženi model potvrdio na temelju mjerenja pouzdanosti i valjanosti kao i putem testiranja značajnosti strukture odnosa korištenjem regresijske analize. Rezultati upućuju da su zadovoljstvo, povjerenje i društveno poistovjećenje pozitivni i značajni prediktori lojalnosti, a "From a marketing perspective, student loyalty is a key objective for numerous higher education institutions since a loyal student population is a source of competitive advantage. The specific purpose of this research is to develop an empirical model linking student loyalty to student satisfaction, student trust and student social identification to the institution. Data was collected from 226 undergraduate management and accounting students of the Faculty of Economics, Tarumanahgara University Jakarta, Indonesia. Empirical investigation was carried out to validate the framework through measurement reliability and validity, and testing the significance of the relationship structure using regression analysis. The results suggest that satisfaction, trust and social identification are both positive and significant predictors of loyalty, and trust" [povjerenje posreduje u odnosu između zadovoljstva i lojalnosti. Na temelju rezultata predlažu se menadžerske implikacije i pravci budućih istraživanja. gested." 1. INTRODUCTION](#)

"Customer loyalty is an important concept in high competition and low growth markets, and maintaining loyal customers is very important for survival (Peter & Olson, 2008). Accordingly, Rosenberg and Czepiel (1994) estimate that the cost of attracting new customers is six times higher than that of maintaining old customers. Acquiring new customers may cost as much as five times more than retaining existing ones, given the costs of searching for new customers, setting up new accounts and initiating new customers to information services (Parthasarathy & Bhattacharjee, 1998). A 5% increase in customer retention, in the insurance industry for example, typically translates to 18% savings in operating costs (Crego & Schiffrin, 1995)." "According to Reichheld and Sasser (1990, p. 1)," "... companies can boost profits by almost 100% by retaining just 5% more of their customers." "Sheth and Mittal (2004, p. 89) also said that the results of purchasing based on relationship include loyalty to provider, increasing purchasing, wanting to pay more, proactive word-of-mouth and goodwill (customer equity)" "Regularity and predictability of loyal customers' buying behavior allows service providers to utilize their resources more efficiently" (Hennig-Thurau, Langer & Hansen, 2001). "Thus," "Creating and maintaining customer loyalty has become a strategic mandate in today's service markets." ("Ganesh, Arnold & Reynolds, 2000, p. 65"). "In higher education institutions, the statistics indicate that 74% of all college entrants in Chile in 1993 left higher education without having earned a degree by 1998. The dropout rate in the first year of college for professional careers was 30% during the same period. Yet, in two-year college programs, the dropout rate was 54% for 1997-1998" ("Bernasconi & Rojas, 2002"). "Other statistics show more than 40% of all college entrants in the United States leaving higher education without earning a degree; 75% of these students drop out in the first two years of college, and 56% of a typical entering class cohort do not graduate from college (Tinto, 1975). More recent statistics indicate that 26.4% of freshmen in the United States do not return the following fall semester and that 46.2% of students fail to graduate" ("Reisberg, 1999"). "From a marketing perspective, student loyalty is a key objective for numerous higher education institutions for three reasons (Hennig-Thurau et al., 2001). First, tuition fees are the main source of income for most privately-owned universities. Universities retaining students will have a solid and predictable financial basis for their future activities. Second, a loyal student to his or her educational institution may positively influence the quality of teaching through active participation and committed behavior. The last reason, a loyal student may continue to support his or her academic institution financially after graduating, through word-of-mouth promotion or some form of cooperation. It is clear that the advantages of student loyalty to universities are not limited to the time that the student spends at the university; rather, the advantages are at their greatest after graduation. Based on these reasons, student loyalty is of great importance to an educational institution if it is to retain students and survive in a competitive market." "It goes without saying that student loyalty and the drivers of student loyalty should be of great importance when determining the most appropriate management strategy. By allocating resources to the activities that have a lot to say for students, managers may increase the value offered so as to retain students and, as a result, generate funds in the future (Helgesen & Nasset, 2007b). Managers may also establish appropriate programs that promote, establish, develop and maintain successful long-term relationships with both current and former students. However, such programs have to be based on a clear understanding of how long-term relationships with students can be developed and sustained" ("Rojas-Méndez, Vasquez-Parraga, Kara & Cerda-Urrutia, 2009)". **TRŽIŠTE**

80 "Lerbin R. Aritonang R." "Even though the concept of relationship marketing has begun to influence marketing practices and academic research in various areas and industries, it is for the most part ignored by higher educational institutions (Hennig-Thurau et al., 2001). Therefore, there are few studies on the relations between higher education institutions and their

students,"

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ment, "image, satisfaction and value." "study adds a new independent
variable, i.e. scoia-I identification." 2. TBHAECOKRGERTIUCUANLD
DANEVDEHLOYPPOMTEHNETSES "This study attempts at explaining student
loyal- ty in a higher education institution by examin- ing the variables
explaining it during academic years. These variables (satisfaction, trust, and
social identification) are articulated in a model. Based on research studies
listed in Table 1, this" 2.1. Loyalty "The concept of consumer loyalty as
buying the same product more than once (Sheth & Mittal, 2004; Neal,
Qvester & Hawkins, 1999; Dick & Basu," "Table 1: Summary results of
student loyalty research, with student loyalty as the dependent variable"
Author(s) Hennig-Thurau et al. (2001) "Trust" "Quality" "Goal commitment"
"Emotional commitment" "Cognitive commitment" Independent Variables
Result* Context -n.s. [Germany: university](#) +sign. [graduates and dropouts](#)
+sign. -sign. -sign. [Chieh-Peng & Yuan \(2008\): Perceived Quality \(PQ\)](#) "PQ
teaching services" [Perceived signals of retention](#) "PQ administrative services"
+ [sign](#). Taiwan: business +[sign](#). administration -[n.s. undergraduates](#)
[Helgesen & Nessel \(2007b\)](#) "University image", "Satisfaction" "Image study"
+ [sign](#). Norway +[sign](#). +[n.s. Brown & Mazzarol \(2009\)](#) "Evaluative
satisfaction" "Emotional satisfaction" "Value" + [sign](#). Australian universities +
[sign](#). +[sign](#). [Rojas-Mendez et al. \(2009\)](#) "Commitment" "Trust" "Satisfaction"
+ [sign](#). Chile: college of +[sign](#). business +[sign](#). [Mohamad & Awang \(2009\)](#)
"Corporate image" "Service quality" "Students' satisfaction" + [sign](#). Malaysia
+ [n.s.](#) +[sign](#). [Gulid \(2011\)](#) "Satisfaction" + [sign](#). [Thailand Thomas \(2011\)](#)
"Satisfaction" "Reputation" + [sign](#). India +[sign](#). [Kheiry, Rad & Asgari \(2012\)](#)
"Satisfaction" "University image" + [sign](#). Iran +[sign](#). *[n.s. \(not significant\)](#);
[sign](#). (significant) 81" 1994) "is frequently debated because of no differ-
entiation between true and quasi loyalty (Day, 1969); also, there is no
indication of whether a consumer actually prefers a product to similar
products (Sheth & Mittal, 2004). Thus, consum- er loyalty should represent a
relative attitude to and repeat buying of the product" ("Dick & Basu, 1994;
Grisaffe, 2001"). "Consumer loyalty in a service context may be indicated by
repeat buying or intention to buy" ("Rust, Zahorik & Keiningham, 1995;
Cronin & Tay- lor, 1992). Accordingly, Reichheld (2002, p. 126) gives the
following definition": "A loyal customer is one who values the relationship
with the company enough to make the company a preferred supplier. Loyal
customers don't switch for small variations in price or service; [instead] they
provide honest and constructive feedback, they consolidate the bulk of their
category purchases with the company, they never abuse company personnel,
and they provide enthusiastic referrals." "Behavioral loyalty is not an
appropriate concept in a durable product context, including higher
educational services. The reason is that no one buys the same service more
than once. In higher education, a student's loyalty to his or her edu-
cational institution must not only use this institu- tion's offering on a regular basis
but it must also have a positive cognitive and emotional attitude toward the
institution—one that provides the underlying motivation for his or her
behavior (Hennig-Thurau et al., 2001). Accordingly, Ro-
jas-Mendez et al. (2009) focus on loyalty involv- ing an identifiable intention to behave, such
as by repurchasing a specific brand or providing a financial or non-financial
support to one's alma mater. In this research, an intention is used to rep-
resent consumer loyalty." 2.2. Trust "The consensus definition of trust may
be, as Rot- ter states (1967, p. 651"), "... an expectancy held by an
individual that the words, promise, verbal or written statement of another
individual or group can be re- lied on." "Similarly to the definition, Morgan
and Hunt (1994") "hold that trust suggests that confi- dence on the part of
the trusting party results from the other party's belief that the trustworthy
party is reliable and has high integrity, which is associated with such qualities
as consistent, competent, honest, fair, responsible, helpful and benevolent."
"In the educational field, students' trust may be understood as students'
confidence in the uni- versity's integrity and reliability. Students' trust

develops through personal experiences with the educational institution. If an educational institution wishes to build long-term relationships with its students, it has to develop trust as part of such relationships. The lack of trust may severely undermine long-term relationships" ("Andaleeb,1994"). "According to Ganesan (1994)", "trust is an important aspect in a long-term orientation because it changes the focus on future conditions. A person who does not want to trust the vendor in a competitive market cannot be loyal to the vendor" ("Ball, Coelho & Machás, 2004). The important role of trust in explaining loyalty is supported by other research studies as well (Sirdeshmukh, Singh & Sabol, 2002; Chaudhuri & Holbrook, 2001; Singh & Sirdeshmukh, 2000; Garbarino & Johnson, 1999; Lim & Razzaque, 1997"). "There is a negative relationship between trust and tendency to quit" ("Morgan & Hunt, 1994). Anderson and Weitz (1989) also find that trust is a dominant contributor to maintaining relationships in conventional distribution. Other researchers show that trust is a positive and significant predictor of loyalty (Auh, 2005; Chaudhuri & Holbrook, 2001; Shamdasani & Balakrishnan, 2000; Garbarino & Johnson, 1999; Doney & Cannon, 1997; Chu, Lee & Chao, 2012). In higher education, trust is a negative and not a significant predictor of student loyalty (Hennig-Thurau et al., 2001), but another research finds that trust is a positive and significant predictor of student loyalty (Rojas-Mendez et al., 2009)". "Hypothesis 1: Students' trust has a positive effect on their loyalty. 2.3. Satisfaction "The dominant paradigm on consumer satisfaction is a confirmation-disconfirmation paradigm (Anderson & Sullivan, 1993; Everelles & Leavitt, 1992; Churchill & Suprenant, 1992). The most supported definition of satisfaction is "... a post choice evaluative judgment concerning a specific purchase selection" ("Day, 1984 in Westbrook & Oliver, 1991, p. 84). According to Anderson, Fornell and Lehman (1994, p. 54)", "Customers require experience with a product to determine how satisfied they are with it." "In the literature, there are two basic conceptualizations of satisfaction: cumulative and transaction-specific satisfaction (Johnson, Herrmann & Gustafsson, 2002). Cumulative satisfaction describes the customer's overall consumption experience with a product or service over time (Fornell, 1992). "Further, cumulative satisfaction is also a better predictor of future behavior" (Gustafsson, Johnson & Roos, 2005). "In market research, there is a tendency to use a cumulative concept of satisfaction, and measuring satisfaction as an overall satisfaction based on experiences with organization (Garbarino & Johnson, 1999; Sharma, Niedrich & Dobbins, 1999). Transaction specific approach defines satisfaction as "a customer's evaluation of his or her experience with and reactions to a particular product transaction, episode, or service encounter (Olsen & Johnson, 2003)." "There is a general assumption in the literature that satisfaction may increase loyalty" (Jones & Suh, 2000; Patterson, Johnson & Spreng, 1997; Oliver, 1980). "In general, the higher the satisfaction the higher the loyalty" (Cassel & Eklof, 2001; Strauss & Neuhaus, 1997; Hallowell, 1996; Selnes, 1998; Bloemer & Poiesz, 1989; Chu et al., 2012; Gulid, 2011). "In higher educational institutions, satisfaction is a positive and significant predictor of student loyalty (Helgesen & N20e0s7sbt, 2009; Brown & Mazzarol, 2009; Rojas-Mendez et al., 2009; Mohamad & Awang, 2009; Gulid, 2011; Thomas, 2011; Kheiry et al., 2012)". "Hypothesis 2: Students' satisfaction has a positive effect on student loyalty. "Although satisfaction is important to a relationship, satisfaction alone does not automatically affect repeat purchasing (Reichheld & Aspinall, 1993). The reason is that retained consumers may not always be satisfied and satisfied consumers may not always be retained (Dick & Basu, 1994). Even though consumers are satisfied, some of them are high switchers (Pont & McQuilken, 2005). Heskett, Sasser and Schlesinger (1997) also indicate that satisfaction and loyalty do not always directly relate. Moreover, satisfaction is positively related to trust (Anderson & Narus, 1990; Dwyer, Schurr & Oh, 1987; Chu et al., 2012). According to Michell, Reast and Lynch (1998), satisfaction is a foundation of trust." Trust reduces the risk of opportunistic behavior by the service provider and,

therefore" reduces transaction costs between different partners to the exchange (Williamson, 1985). A customer who has trust in his service provider is more likely to stay in and be committed to the relationship. The mediating role of trust for the link between satisfaction and loyalty has been shown in prior or research studies (Garbarino & Johnson, 1999; Hennig-Thurau, Gwinner & Gremler, 2002; Pal-matier, Dant & Evans, 2006).

"Hypothesis 3: Students' trust is a vmaeridaibalteinbgetween students' satisfaction and stu- dent loyalty. 2.4. Social identification According to Social Identity Theory, people tend to classify themselves and others into social cat- egories (Tajfel & Turner, 1985 in Mael & Ashforth, 1992). "Social identification is the perception of one- ness with or belongingness to a group classification. The individual perceives him or herself as an actual or symbolic member of the group." ("Mael & Ash- forth, 1992, p. 104). Identification with a group is similar to identification with a person or a recip- rocal role relationship in as much as one party defines oneself in terms of a social referent. Indi- vidual's social identity may be derived not only from the organization, but also from his or her work group, department, union, lunch group, age cohort, and so on (Ashforth & Mael, 1989)". "Social identification is the perception of belonging to a group as a result of which a person identifies with that group. Identification enables the per- son to participate vicariously of accomplishments beyond his or her powers (Katz & Kahn, 1978). Identification is necessarily tied to the causes or the goals that an organization embodies. Thus, when an organization stands for specific causes, consumers may be loyal to its products because they identify with the mission of the organization (Bhattacharya, Rao & Glynn, 1995)".

"Organizational researchers consistently find that members', such as workers and alumni, iden- tification to an organization tends to increase members' loyalty to the organization (Adler & Adler, 1994) and to decrease turnover (O'Reilly & Chatman, 1994; Gau & Kim, 2001). In the con- sumer context, Sheth and Mittal (2004) say that social identification with a brand is the dominant contributor to loyalty to that brand." "Hypothesis 4: Students' social identification has a positive effect on student loyalty." "Figure 1: Model of Relationships among Variables" "Satisfaction" Trust "Social" identificatio n Loyalty "A model of relationships among variables is dis- played in Figure 1."

3. METHOD 3.1. Sample "The subjects of this research were students at the Economics Faculty, Tarumanagara Universi- ty, Indonesia, majoring in accounting and man- agement. The sample consisted of 226 students; 127 females and 99 males, with the effective re- sponse rate of 95.1%. Their age ranged between 19 and 23 years, with 21.3 as an average."

3.2. Measures "This research used a self-administrated question- naire written in Indonesian. Satisfaction (3 items), trust (5 items) and loyalty (3 items) scales used in it were adapted from Sirdeshmukh, Singh and Sabol (2002). The social identification scale (9 items) was adapted from Bhattacharya et al. (1995). For satisfaction, respondents were asked to rate all of the ten-point Likert scale, with 1 in- dicating highly unsatisfactory (very unpleasant, terrible) and 10 indicating highly satisfactory (very pleasant, delightful). For trust, social iden- tification and loyalty, respondents were asked to rate all of the ten-point Likert scale, with 1 in- dicating strong disagreement and 10 indicating strong agreement. The research questionnaire was pre-tested on other students to evaluate if there are items to be improved; pre-testing re- vealed minor mistakes to be corrected." "An exploratory principal component analysis with a varimax rotation was performed on all multiple scale items to determine item reten- tion. Results of the analysis will be valid if several requirements are satisfied (see Table 2). Firstly, Bartlett's tests for all variables were significant. It means that no correlation matrixes were identity" "matrixes, so it was appropriate to use the analysis (Norušis, 2012). Secondly, the KMO (Kaiser-Mey- er-Olkin) index was used to compare the mag- nitudes of the observed correlation coefficients to the magnitudes of partial correlation coeffi- cients. KMOs for all variables were higher than 0.70, meaning that the factor analysis was appro- priate (Kaiser, 1974 in Norušis, 2012)."

3.3. Analysis "Regression analysis was used to test the

hesyepso(tHh1-, H2 and H4). To analyze whether or not mediation existed (H3), the study used Baron and Kenny's (1986) three-step procedure. Firstly, the independent variable should be significantly "Table 2: KMO and Bartlett's test" Bartlett's Test Satisfaction 269.743*** Trust 993.357*** Social Identification 913.303*** Loyalty 305.277*** KMO 0.713 0.784 0.877 0.704

***p < 0.001 Extraction cumulative sums of squared loadings are 75.333% for satisfaction, 66.635% for trust, 69.371% for social identification and 76.833% for loyalty. All of these percentages are higher than 60.000%, so the factor for each variable was retained (Hair, Black, Babin, Anderson & Tatham, 2006). "Table 3 reports the results of exploratory factor analysis and reliability results. All items' loadings for each variable are higher than 0.50, except the three items of social identification (not shown), meaning that all 17 items may be retained (Hair, Jr. et al., 2006). The reliability (Cronbach's alpha) values of all variables are higher than 0.70, hence, all scales are reliable (Rust & Golombok, 1989)." related to the mediating variable. Secondly, the independent variable should be related to the dependent variable. Finally, the mediating variable should be related to the dependent variable, with the independent variable included in the equation. If the first three conditions hold, at least partial mediation is present. If the independent variable has a non-significant beta weight in the third step, the mediator remains significant. This means that full mediation is present. In case of partial mediation, the study used Sobel's test (1982 in Howell, 2007").

Table 3: Exploratory factor analysis and reliability results" Cronbach's Alpha Item Loading "Satisfaction" "Trust" 0.835 0.872 "How satisfying was your last experience with this university? X1 (highly unsatisfactory / highly satisfactory) X2 (very unpleasant / very pleasant) X3 (terrible / delightful)" "X4 (Has practices that indicate respect for the student) X5 (Favors the student's best interest) X6 (Acts as if the student was always right) X7 (Goes out of the way to solve student problems) X8 (Shows much concern for the student)" 0.876 0.891 0.836 0.927 0.937 0.914 0.573 0.657 iSdoecnitailfication 0.909 "X9 (When someone criticizes the university, it feels like a personal insult) X10 (I am very interested in what others think about the university) X11 (When I talk about the university, I usually say we rather than they) X12 (The university's successes are my successes) X13 (When someone praises the university, it feels like a personal compliment) X14 (If a story in the media criticized the university, I would feel embarrassed)" 0.759 0.792 0.843 0.866 0.868 0.861 Loyalty 0.849 X15 (Plan to use services of the university most of your future) X16 (Recommend this university to friends, neighbors, and relatives) X17 (Use services of the university the very next time you need the services) 0.829 0.908 0.890

4. RESULTS 4.1. Descriptive statistics "Table 4 provides means, standard deviations and correlations among variables. All means are between 5 and 6, the two middle points". Satisfaction has the maximum mean (5.768) and social identification has the minimum mean (5.035). The minimum standard deviation of trust is 1.455, while the maximum standard deviation of loyalty is 2.137." "The study also indicates that all correlations among variables are significant. The correlations range from 0.359 (between loyalty and satisfaction) to 0.579 (between trust and satisfaction)." "Table 4: Means, standard deviations and correlations among variables" 1. Satisfaction "Mean" "Standard s" 5.768 deviations 1.651 1 1.00 Correlations 2 3 4 "2. Trust" 5.524 1.455 0.579*** 1.00 3. Social identification 5.035 1.646 0.563*** 0.488*** 1.00 "4. Loyalty" 5.711 2.137 0.359*** 0.546*** 0.482*** 1.00

4.2. Hypotheses testing "Secondly, satisfaction is significantly related to loyalty (number 1 in Table 6; Beta = 0.579, t = 10.622). Satisfaction explains 33.2% of trust" vari- "Table 5 reveals that the regression coefficient of ance. Finally, trust is related to loyalty, with satisfaction (0.062) is positive and significant (t faction included in the equation. The regression = 5.749), and 12.5% of loyalty variance indicates coefficient of trust (0.509) is positive and significant (t satisfaction, meaning that H1 is supported. The cant (t = 7.416). However, compared to number 1 regression coefficient of trust (0.546) is positive in Table 5, the coefficient

regression of satisfaction and significant ($t = 9.757$), and 29.5% of loyalty variance (0.064) is not significant any more ($t = 0.931$). These results suggest that trust mediates the relationship between satisfaction and loyalty. To be sure of the mediating effect, this research performed Sobel's t-test (in Howell, 2007). Based on the regression coefficient of social identification (0.482) and Sobel's procedures (in Howell, 2007), the t-test is 7.182. Using 5% of significance for Z-test (± 1.96), the t-value is significant. It means that there is a significant mediating effect of trust on the relationship between satisfaction and loyalty. So, H3 is supported as well.

Table 5: Regression results for H1, H2 and H4

No.	Independent variable	Beta	t	Adjusted R ²	F
1.	Satisfaction	0.359	5.749***	0.125	33.055***
2.	Trust	0.546	9.757***	0.295	95.203***
4.	Social identification	0.482	8.236***	0.229	67.824***

Notes: dependent variable is loyalty; a standardized regression coefficients; *** $p < 0.001$

Table 6: Regression results for H3

No.	Independent variable	Beta	t	Adjusted R ²	F
1.	Satisfaction	0.579	10.622***	0.332	112.834***
2.	Satisfaction	0.064	0.509	0.931	7.416***
3.	Trust	0.295	48.007***	0.295	48.007***

Notes: a dependent variable is trust; b dependent variable is loyalty; c standardized regression coefficients; *** $p < 0.001$

5. DISCUSSION AND MANAGERIAL

IMPLICATIONS

This research aims at developing a loyalty model in the higher education context in Indonesia and, specifically, at investigating the effects of satisfaction, trust and social identification on loyalty. By investigating the relationship between social identification and loyalty in the higher education context, the result endorses social identification as a positive and significant predictor of loyalty and some previous studies (see Gau & Kim, 2001; Sheth & Mittal, 2004). It means that higher education institutions need to develop social identification of students with the institution to build their loyalty. Building social identification should start when students study on campus." Based on Hall and Schneider's (1972) work, membership tenure will increase identification, but the rate at which this increase occurs will diminish over time. Mael and Ashforth (1992) also report that the length of time a person is actively involved with an organization is positively related to identification. Accordingly, there are many strategies to develop social identification (Bhattacharya et al., 1995)." This research also supports the belief that trust, as a prerequisite variable of loyalty, is a positive and significant predictor of loyalty (Chu et al., 2012). It suggests that, if someone is loyal to his or her institution, he or she trusts the institution. Thus, the officials of higher education institutions should comprehensively plan every promise to students before the promises are published." Another finding of this research is that satisfaction is a positive predictor of loyalty. It endorses two previous researches by Chu et al. (2012) and Gulid (2011). Satisfied customers do not automatically become loyal to their service provider. They may want to try another provider to know if that provider is better than a previous provider. A traditional assumption asserts that customer satisfaction leads to customer loyalty (Oliver, 1997). This assumption has been challenged in recent years by researchers who provide data indicating that large numbers of customers who express high customer satisfaction may defect or switch to competing brands (e.g. Jones & Sasser, 1995). Consequently, loyalty may become relatively independent of current customer satisfaction over time (Oliver, 1999)." The last finding of this research is that trust mediates the relationship between satisfaction and loyalty (Pont & McQuilken, 2005; Chu et al., 2012). Accordingly, satisfaction is a positive and significant predictor of trust (Michell et al., 1998) and trust is a positive and significant predictor of loyalty (Chu et al., 2012). The implication of this mediating effect for the officials of higher education institutions is that they must satisfy their students, while also making them trust the institutions."

6. LIMITATIONS

AND FUTURE RESEARCH "It is acknowledged that there are some limitations in the study. Firstly, the three items of social identification are not qualified. For the next research, these items should be revised, so that a conceptualization of social identification becomes representative. Secondly, this research selected its subjects from only one university in Indonesia which, in turn, results in weakness of the external validity. A replication of the research is necessary to examine the reliability of the result because misleading conclusions could be drawn easily by the possibility of making generalizations to other countries with different characteristics (e.g. culture, academic quality). Finally, the variance of loyalty should be merged with other variables, such as image (Helgesen & Nettet, 2007a), quality (Henig-Thurau et al., 2001) and value (Kheiry et al., 2012) in order to yield a more comprehensive model."

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\(2014\), br. 1, str. 77 - 91](#)