

Factors Contributing to International Student Loyalty – Is It Satisfaction With The University Solely?

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In the past several attempts have been made to understand factors influencing foreign students' satisfaction and loyalty at higher education institutions. However, previous research have not treated the examination of factors influencing both school-related and non-school-related satisfaction, and their effect on loyalty in much detail. This research sheds new light on the institution- and faculty-specific school-related and non-school-related factors influencing foreign student satisfaction and loyalty. Data was analysed with PLS path analysis and interestingly, both school-related and non-school-related satisfaction factors had a significant positive effect on student loyalty. The most striking result to emerge is that satisfaction with non-school-related aspects influence loyalty more significantly than their school-related counterparts. Evidence from this study highlights a unique nature of foreign student satisfaction and loyalty and complements those of earlier studies.

Keywords: satisfaction; loyalty; higher education

Track: Public Sector and Non-Profit Marketing

1. Introduction

Over the past century, there has been a dramatic increase in the number of foreign students all around the world. Therefore, internationalization has become fundamental on both national and institutional levels. A primary concern of HEIs is to continuously target foreign students with their marketing initiatives, as students entering higher education take numerous factors into account before deciding which HEI to choose. Moreover, it is extremely important for them to get to know what students expect and how much students are satisfied with the results of their decisions, because it is going to be the key to the long-term success of the HEI on the international market.

Researchers have made serious efforts to discover foreign students' satisfaction and loyalty. Some studies reveal that students do not only spend their days inside a foreign HEI. Besides studying, free-time activities and entertainment constitute an important part of students' well-balanced lives. However, there is a small number of studies that differentiate between school-related and non-school related aspects of foreign students' satisfaction and loyalty. Therefore, this study therefore set out to uncover foreign students' institution- and faculty-specific satisfaction and loyalty at a chosen university, differentiating between school-related and non-school-related aspects satisfaction.

2. Literature Review, Development of the Theoretical Model

Literature is extensively concerned with the satisfaction of consumers with certain purchased products or services that satisfy a certain need, desire or aim (Oliver et al., 1997). The basis of satisfaction is the comparison of expectations and consumer experience (Churchill & Suprenant, 1982; Oliver, 1985; Yi, 1990; Elkhani & Bakri, 2012). However, there is no common agreement on the definition of satisfaction (Hetesi, 2003). As higher education is viewed as a service, the nature of satisfaction with services has to be taken into account (Zeithaml, 1981; Parasuraman et al., 1991). In case of services, set higher criteria, among which there is experience and trust (Zeithaml, 1981). There are several methods for the measurement of expectations and performance. The SERVQUAL method is designed to measure both expectations and satisfaction with performance (Parasuraman et al., 1991), while the SERVPERF model only measures performance (Cronin & Taylor, 1994). We based the development of our model on the latter method.

Consumer satisfaction is important, but is not always enough to create loyal customers to a certain product or service (Reichheld et al., 2000). Scholars initially claimed that loyalty is equal to satisfaction and retaining customers (Reichheld & Sasser, 1990; Reichheld, 1996). Others stated that loyalty can be measured by repurchase (Tellis, 1988; Reichheld et al., 2000; Oliver, 1999), or the establishment and retention of customers (Hetesi, 2007). According to the complex approach of loyalty, word-of-mouth recommendation (WOM) is used by customers to promote the product or service to others (Oliver, 1999; Reinartz & Kumar, 2002; Reichheld, 2003). In our current study, we rely on the latter definition. Regarding the measurement of loyalty, there are several approaches. According to Reichheld (2003), only one question is able to determine whether the company at hand will be successful or not, and its customers would be loyal or not.

Many studies have proven the relationship between the satisfaction and loyalty of foreign students (Alves & Raposo, 2009; Elliot & Healy, 2001; Wiers-Jenssen et al., 2002; Lenton, 2015; Cardona & Bravo, 2012; Owlia & Aspinwall, 1996; El-Hilali, et al., 2015; Lee, 2010; Schertzer & Schertzer, 2004; Giner & Rillo, 2016). Word-of-mouth activities reportedly play an important role in the loyalty of students (Alves & Raposo, 2009). However, there is very little differentiation between school-related and non-school-related aspects of satisfaction in each research. The number of studies focusing partly or solely on non-school-related aspects is negligible (Schertzer & Schertzer, 2004; Yang et al., 2013; Mihanovic et al., 2016; Machado et al., 2011). Moreover, the factors appearing in these studies are mostly closely related to classroom aspects of satisfaction (Yang et al., 2013). However, these studies reveal that students' happiness heavily depends on factors related to school and non-school elements as well (Schertzer & Schertzer, 2004). Though in the studies of Schertzer and Schertzer (2004), school-related and non-school-related aspects differ, the subjects of the research were domestic students not foreign ones. Mihanovic et al. (2016) investigated students' satisfaction with their accommodation, entertainment and free-time activities in a more in-depth way. While Machado et al. (2011) dealt with satisfaction of students with demographic factors, such as the city and the international atmosphere of the city.

Based on the presented literature, we claim that satisfaction with non-school-related aspects of foreign students' study abroad experience affects their loyalty positively.

Hypothesis 1: Satisfaction with non-school-related aspects affects loyalty positively.

As it was previously discussed, the majority of studies concerned with foreign student satisfaction and loyalty concentrates solely on factors connected to the university (Lee, 2010). These studies claim that the most important aspects of HEIs are the availability of study-

programs, the location, size and complexity of the HEI, the quality of education (Huybers et al., 2015), the feedback from and communication with the instructors (Jager & Gbadamosi, 2013), the appropriate study schedule, the student supporting facilities, the physical environment and equipment (Wiers-Jenssen et al., 2002). Based on these studies we propose that factors closely related to the university and the satisfaction with these factors have an effect on foreign students' loyalty.

Hypothesis 2: Satisfaction with school-related aspects affects loyalty positively.

A number of authors have studied the elements of service quality by their own arbitrary dimensions. Elliot and Healy (2001) examined foreign student satisfaction based on 11 dimensions, effectiveness of higher education, university atmosphere, university life, supporting facilities, support for the individuals, effectiveness, financial support effectiveness, administrative effectiveness, safety, service excellence, and student-centeredness. Lee (2010) researched satisfaction with HEI quality and concluded that it can vary based on the students' country of origin. While El-Hilali et al. (2015) investigated the image of the university, higher educational study program and teaching methods, Lenton (2015) looked into the matter of education, students' exams, feedback for students, institutional support for students, the institution, the resources and the individual development of students. Cardona and Bravo (2012) applied a model examining teaching, the teaching process, infrastructure, interaction and communication between teachers and administrative workers, and the quality of atmosphere. One of the most comprehensive study was conducted by Owlia and Aspinwall (1996), in which they differentiated between six dimensions of satisfaction with higher education. These are the tangibility (equipment and facilities), competence (teaching expertise, practical and theoretical knowledge), attitude (understanding students' needs), content (curriculum), delivery (effective presentation, feedback), and reliability (trustworthiness). Based on the literature, we examine satisfaction based on the comprehensive classification of Owlia and Aspinwall (1996).

Hypothesis 3a: Satisfaction with tangibles has a positive effect on school-related satisfaction.

Hypothesis 3b: Teachers competence affect school-related satisfaction positively.

Hypothesis 3c: The content of the curriculum has positive effect on school-related satisfaction.

Hypothesis 3d: The attitude of teachers and administrative workers have positive effect on school-related satisfaction.

Hypothesis 3e: Trust in teachers and administrative workers affect school-related satisfaction positively.

Hypothesis 3f: The delivery method of the curriculum affects school-related satisfaction positively.

3. Measurement, Methodology

A variety of methods are used to assess student satisfaction and loyalty. The measurement of the variables appearing in our study and the design of the questionnaire were based on the theoretical framework we proposed in the previous chapter. We divided satisfaction into two categories, school-related and non-school-related satisfaction. The measurement of school-related satisfaction was based on the categorization of Owlia and Aspinwall (1996), while non-school-related aspects were measured by the factors appearing in the studies of Mihanovic et al. (2016) and Machado et al. (2011). Loyalty towards higher education institutions is mostly measured by the complex approach that has been detailed before (Ostergaard & Kristensen, 2006; Alves & Raposo, 2009). Therefore, we also utilize this approach in our study and use the scales appearing in the research of Ostergaard and Kristensen (2006). The above mentioned factors were measured by 18 5-point Likert scales in the questionnaire.

The chosen quantitative study included an online questionnaire and was conducted at the University of Szeged, Faculty of Economics and Business Administration, June 2017. The subjects of the research were those foreign students, who study in a full-time programme at the Faculty of Economics and Business Administration. The questionnaire was sent out in emails to the students' e-mail addresses. Based on the registry of the faculty administration, each full-time foreign student got the questionnaire. The population consisted of 105 full-time foreign students altogether, who got two reminding emails of the survey. The final sample consisted of 67 students.

In order to test the hypotheses, latent variable modelling is needed. Therefore, the applied methodology is structural equation modelling. This method is widely used in studies concerned with higher education (Lee, 2010; El-Hilali et al., 2015; Giner & Rillo, 2016). In our study PLS path analysis can be used (Hair et al., 2014), because certain indicators cannot be considered to have normal distribution (in case of Kolmogorov-Smirnov and Shapiro-Wilk tests and each variable $p < 0,01$). SmartPLS 3 (Ringle et al., 2015) software was used for the PLS path analysis.

4. Results

Regarding the results of the *outer model*, the constructs' validity was examined by the Cronbach-Alfa and CR (composite reliability) indicators. From the results we concluded that

each construct reaches the minimum value ($>0,6$ Hair et al., 2009). Standardized factor weights, the AVE (average variance extracted) indicators were used to examine convergence validity. The latent variables exceed the minimum value ($>0,5$ Hair et al., 2014) in each case. Therefore, the existence of the six constructions is validated.

Based on the test of Fornel and Larcker (1981), the discriminant validity was also examined, which means that the variables' AVE value had to be higher than the squares of the correlation coefficients between the construct and the other constructs. This criterion is met in the case of each latent variable. Based on the results of the outer model, the existence of the latent variables is justified and each indicator connected to the latent variables represents the same phenomenon.

In case of the *inner model* and its results, the testing of path coefficients' significance was conducted with the help of bootstrap algorithm (Hair et al., 2014). The results show that

- the content of the curriculum ($t=0,257$, $p=0,209$),
- the delivery method of the curriculum ($t=1,440$, $p=0,150$),
- trust in teachers and administrative workers ($t=0,377$, $p=0,706$),
- tangibles ($t=1,089$, $p=0,276$)

do not have a significant effect on school-related satisfaction at a five percent significance level.

Conversely, based on these results, it is advisable to leave the content of the curriculum, the delivery method of the curriculum, trust in teachers and administrative workers, and tangibles out of the model. Leaving out the non-significant effects from the model, each remaining path has a significant effect at a five percent significance level (Table 1.).

Table 1. Testing the significance of path coefficients appearing in the final model.

Path	Path coefficient (original sample)	Mean of path coefficient (from bootstrap sample)	Standard deviation of path coefficients	t-value	p-value
attitude -> school-related satisfaction	0,459	0,466	0,132	3,472	0,001
competence -> school-related satisfaction	0,391	0,389	0,132	2,963	0,003
school-related satisfaction -> loyalty	0,327	0,311	0,121	2,696	0,007
non-school-related satisfaction -> loyalty	0,452	0,475	0,111	4,063	$4,92 \cdot 10^{-5}$

Source: Own study

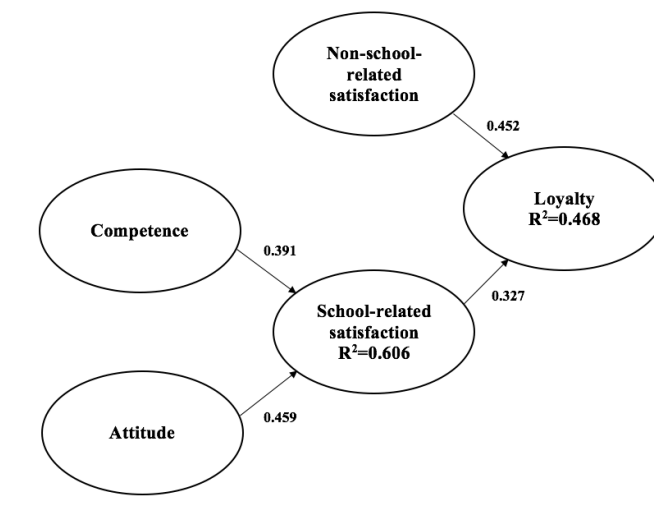
Taking only the significant effects into account, the final model can be seen on Figure 1. If we take a look at the direct effects and the standardized path coefficients that can be seen

on the arrows, we can conclude that the effects between the latent variables are positive in all cases.

The following statements can be made regarding the standardized path coefficients (β):

- Attitude ($\beta=0,459$) has a stronger effect on school-related satisfaction than competence ($\beta=0,391$).
- Non-school-related satisfaction ($\beta=0,452$) affects loyalty more than school-related satisfaction ($\beta=0,327$).

Figure 1. Satisfaction factors' effect on loyalty.



Source: Own study

Based on the values in the ellipses in Figure 1, the explanatory power in the model is average. It is also important to look at the significance of the effects between the variables based on the f^2 indicator, which examines the change in the endogenous variable's coefficient of determination by leaving out the exogenous variable (Hair et al., 2014).

Table 2. Significance of effects between latent variables.

Path	f^2
attitude → school-related satisfaction	0,290
competence → school-related satisfaction	0,210
school-related satisfaction → loyalty	0,145
non-school-related satisfaction → loyalty	0,276

Source: Own study

Based on the results in Table 2., we can conclude that each path has a medium effect. Regarding the strength of the paths, the attitude's effect on school-related satisfaction ($f^2=0,290$) and non-school-related satisfaction's effect on loyalty ($f^2=0,276$) can be emphasized in the model.

5. Summary

During our study we investigated foreign students' loyalty at the University of Szeged, Faculty of Economics and Business Administration. The Hungarian higher education has been becoming an increasingly important institution in the European higher education area, especially in the last five years due to the success of a Hungarian scholarship program (Stipendium Hungaricum Scholarship Program), which aims at increasing the number of foreign students in Hungary. HEIs have launched numerous English-language study programs and attracted thousands of foreign students. In order to keep the number of foreign students levelling up, it is crucial for each institution to get to know the different levels of satisfaction their students have.

In our study, we concentrated on two different aspects of satisfaction. We differentiated between elements closely related to the university and the service the university provides, and those elements that are not school-related, but can influence foreign students' satisfaction and loyalty. Previous studies have failed to examine school-related and non-school-related satisfaction. Therefore, in the current research our aim was to determine and measure these elements. Moreover, the relationship between satisfaction and loyalty was also investigated. The novelty of the study lies in the fact that non-school-related satisfaction's influence on loyalty has not been investigated in previous studies yet.

A quantitative study was conducted in the form of an online questionnaire. Hypotheses were tested with the help of PLS path analysis. We concluded that both school-related and non-school-related satisfaction have a medium effect on loyalty. Therefore, we accepted hypothesis 1 and 2. The third hypothesis was concerned with certain predictors of school-related satisfaction. Interestingly, out of the six factors, only two had significant effect on the school-related satisfaction. These were the attitude of teachers and administrative workers, and the competences of teachers. Based on these results it is evident that institutions accepting foreign students should concentrate on these two aspects extensively.

The most interesting result of the study is the relationship between non-school-related satisfaction and loyalty. Based on the opinion of students, non-school-related satisfaction has a more significant effect on loyalty than school-related satisfaction, which raises serious questions about the importance of investigating the whole study-abroad process of foreign students. In one hand, it can be concluded that higher education institutions have to pay close attention to discovering and developing non-school-related opportunities for foreign students when preparing their marketing strategies to ensure the satisfaction and loyalty of their students.

On the other hand, there are certain out-of-school elements that the university cannot control even though it has – according to the results – a stronger effect on the loyalty of foreign students.

The present study was conducted at one faculty specifically, which provided a deep insight into the satisfaction of students. However, it was beyond the scope of the current study to examine all 12 faculties of the University of Szeged. Even though the results carry a significant importance for the Faculty of Economics and Business Administration, conclusions can only be drawn regarding the faculty, not the whole university. Future research should be carried out to extend the study to the whole university and its 12 faculties, which would enable us to investigate the satisfaction and loyalty of foreign students at the University of Szeged.

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