The Influence of Corporate (University) Identity on Student Retention with Corporate Reputation and Student Satisfaction as Mediating Variables: The Case of a Jakarta Business School

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Abstract: With data collected from 219 first year students of a business school in Jakarta, this research purposes to explain the influence of corporate identity through corporate reputation and students satisfaction on student retention in one business school in Jakarta. This research used with quantitative survey method. To see the relationship between the variables, this research utilized structural equation model. The results of research indicated that the corporate identity has very significant influence to the corporate reputation. The corporate reputation has also, very significant influence to the student satisfaction. However, the corporate identity of business school simultaneously has small influence to the student retention as well as it has small influence to the student satisfaction. The corporate reputation has also small influence to the student retention. Nevertheless, the student satisfaction has moderate influence to the student retention. This study contributed to this college to increase student retention which regards to sustainability in higher education sector.

Key words: Corporate identity, corporate reputation, student satisfaction, student retention, education, explain

INTRODUCTION

The globalisation of business has been embraced by the higher education sector in which education is seen as a service that could be marketed worldwide (Melewar and Akel, 2005). Universities and other institutions of higher education have to compete with each other to attract high quality students and academic staff at an international level. Nowadays, education become a international business sector, marketing in higher education is developing standards more akin to consumer goods marketing. This phenomena provides several challenges for especially, Indonesian private universities such as the development of a more customer orientated service approach to education and an increased emphasis on corporate image or corporate identity.

Corporate identity and corporate image are the main agenda of organization through corporate communication activities. Van Riel (1995) stated that three main concepts in corporate communication are always being studied by scholars. The concept is corporate identity, corporate reputation and communication management. According to Melewar and Wooldridge (2001) corporate identity is a strategic manifestation of corporate level vision and mission, underpinned by the strategies which a corporation employs in its operations or production. The literature reviewed almost unanimously makes a profound link between corporate image and corporate identity,

stating that image is the collective perception that the stakeholders have of corporate identity (Melewar and Karaosmanoglu, 2006).

Identity is now widely recognised as an effective strategic instrument and a means to achieve competitive advantage (Schmidt and Ludlow, 1995). Consequently, many organizations a striving to develop a different and recognisable identity. Certain characteristics of an succesful corporate identity include a reputation for high quality goods and services, a robust financial performance, a harmonious workplace environment and a reputation for social and environmental responsibility (Einwiller and Will, 2002).

Universities have to implement strategies to maintain their competitiveness where students are recognized as customers. The university needs to develop a competitive advantage based on a set of unique characteristics. Universities need to communicate these characteristics including its identity in an effective way to all of the relevant stakeholders. Under the circumstances, universities have finally realized the role of corporate identity as a powerful source of competitive advantage.

The role of corporate image and reputation in customer's buying intentions is well known (Barich and Kotler, 1991). For instance, corporate image and corporate identity are important to develop and maintain a loyalty relationship with customers. In educational services management, these concepts are extensively used as

positioning instruments to influence student's choice of a higher education institution (Weissman, 1990). Moreover, the corporate image and reputation may also have impact on student retention (Nguyen and Leblanc, 2001).

Meanwhile, according to Fike and Fike (2008) retention is important for a variety of reasons. From the higher education institution's viewpoint, the retention of students is necessary for institution financial stability. It also necessary for sustaining academic programs. Additionally, the Federal higher education act may use graduation rates as a measure of institutional effectiveness. Finally, if not most importantly, university wants the students to have a positive college experience, complete their academic goals and enter the workforce.

Literature review

Corporate identity and corporate reputation: Melewar and Jenkins (2002) proposed the framework of corporate identity. It comprises communication and visual identity, behavior, corporate culture and market condition. The model adapts a multidisciplinary approach in the analysis of corporate identity. It unites the graphic design, marketing and public relations paradigms of corporate identity. In this way the model represents different views of corporate identity, aiming for a balanced combination between these different disciplines.

Communication and visual image consists of corporate visual image; Corporate communication; Architecture and location and uncontrollable communication. Corporate visual image is reflected by name, symbol, typography, colour and slogan. Corporate communication defined by Riel (1997) as a management instrument to create and harmonise favourable relationships with external and internal stakeholders. Corporate communication covers management, marketing and organizational communications. Among the three, management communications is seen as the most important (Van Riel, 1995).

Behaviour component consist of management behaviour and employee behaviour. Given the current need for economic accountability and the increased focus on consumer choice, universities are viewing students and staff as customers. Consequently, to maintain the desired level of service quality the relationship between administrative staff and academics and administrative staff and students has become more structured. Thus, the behaviour of management at universities increasingly resembles a commercial company.

Nevertheless in the context of a higher education, the relationship of the customer and the employee is a problematic task. The student-university relationship is not a typical customer-employee relationship. The university student differs from a ordinary customer in which of the university student does not have full freedom of choice with the product (knowledge/ education) responsibility, for paying the price and might not even "Qualify" to purchase the product.

Corporate culture is the commonly held and relatively stable beliefs, attitudes and values that exist within the organisation (Williams *et al.*, 1993). The component of corporate culture basically involves the element of nationality; Goals, philosophies and principles and organizational imagery and history. Top ranking university accommodates students from different nationalities.

Lastly, corporate identity component focus on market conditions involving nature of the marketing strategy. The general rule in the market is that prospective students will often attend a leading university because of its overall reputation. University is highly judicious in its effort to achieve what it has set out to accomplish by firstly rallying its tools and means to communicate its identity to its groups.

Reputation is a summary of the impression or perception of external stakeholders of the company (Bromley, 1993; Davies and Miles, 1998). Strong brand reputation makes the company more attractive and desirable to consumers. Company with a strong brand reputation is accountable has integrity, responsible and concerned with quality.

Corporate reputation based on estimation in general is something that benefits society where the reputation gives a positive influence of public on the behavior and actions of organizations. The concept of company's reputation has also been anticipated and adjusted in the field of management education which is if a school/college has a good reputation then it will have a positive effect (Safon, 2009; Vidaver-Cohen, 2007).

Gray and Balmer (1998) explains the difference between image and reputation. Image can establish an organization image without the need to have experience with the organization while reputation is more detail of the image which is the result of experience with the organization. To earn a positive reputation, university needs to consider its emotional appeal, vision and leadership, financial performance, work environment, social responsibility, products and services.

Hutton suggest ten dimension of corporate reputation including ethics, workers, financial performance, leadership, management, social obligation, customers focus, quality, reliability and emotional appeal. Mohamad *et al.* (2009) stated that, there is positive relationship between corporate (university) identity and university reputation. They showed that four dimensions of corporate identity has a significant predictor for corporate reputation.

Strong corporate reputation affects satisfaction (Lim *et al.*, 2000; Andreassen and Lindestad, 1998): Reputation is an overall consumer perception of the company, either directly or indirectly related to and what consumers should get when buying a product or service from a company (Fombrun and Shanley, 1990; MacMillan *et al.*, 2005). While the image is a form factor of the company's reputation that is built in the long term based on identity and corporate performance as well as how consumers receive the perception of activities of the company (Argenti and Druckenmiller, 2004).

Student satisfaction: Satisfaction is a feeling of pleasure or disappointment from someone after comparing the perception of the product's performance with its expectations. If consumers are satisfied with the performance of the products/services used, then the consumer will be loyal/faithful to the products services (Yoon and Uysal, 2005). Students as consumers in the higher education institute will be loyal to their institution if they were satisfied (Andreassen and Lindestad, 1998).

The students will be more satisfied and motivated for completing their studies if the institution provides an environment which facilitates learning. For instance, the institution contains proper infrastructure for educational utility accumulated with essential parameters of professional and academic development. Rodie and Kleine (2000) posited a view that the students will be more motivated, loyal and good performers if their institution holds essential educational facilities with affective staff of teaching and training.

Student satisfaction can be defined as "A short-term attitude resulting from an evaluation of a student's educational experience" (Elliott and Healy, 2001). Elliott and Shin (2002) also defined student satisfaction as a student's subjective evaluation of the various outcomes and experiences with education and campus life. Schreiner and Nelson (2013) found that the students might stay in the same college if they satisfied toward organizational communication climate and would be rethought their decision to choose their college.

The effect of satisfaction on corporate image reflects both the degree to which customer's purchase and consumption experiences enhance a product's or service provider's corporate image and the consistency of customer's experiences over time (Johnson *et al.*, 2001). Students have experiences related to both their study program and the university. Therefore, student satisfaction is assumed to have a positive impact both on the student's image of the university and on the student's image of the specific study program.

Student retention decision: Thomas (2002) draws on seven topic areas to investigate through the empirical research were identified. These were the academic preparedness, academic experience institutional expectations and commitment; Degree of academic and social integration, finance and employment; Family support and commitments and university support services. Academic preparedness is interpreted as the extent to which students feel they are ready to study at higher education level. Academic experience covers the curricula, teaching and learning issues, accessibility of and relationships with staff, flexibility and both modes of assessment and opportunities for re-taking courses.

Research on USA top universities suggests that most students entering such colleges have high levels of institutional commitment. This commitment arises from the very strong traditions of these universities enabling their graduates to enter prominent areas of employment (Berger and Braxton, 1998). The fourth area investigated was the degree of academic and social integration into their institution. According to Tinto (1997) defined retention as a function of the match between the student's academic capabilities and motivation and the institution's academic and social characteristics. What Tinto's work and allied research has suggested therefore is that the more students interact with other students and staff, the more likely they are to persist (Astin, 1984; Tinto, 1997).

The relationship between financial issues and student's withdrawal is currently considerable attention. The students from the lowest socio-economic groups were more likely to withdraw (Ozga and Sukhnandan, 1997). Much of the previous research on retention in both the USA and the UK, stresses the importance of the external environment, especially, the family in relation to student retention. For example, families or communities with little or no experience of tertiary education background level may be less supportive of family members to complete their degree. Ozga and Sukhnandan (1997) also found that family commitments were more crucial determinants of non-completion amongst mature students.

Generally, university also provides support to overcome factors that might contribute to early withdrawal for their students. The university assists students to stay in campus and to satisfy the college and how it could be more supportive. Styron (2010) found that the student who does not return to the college in falls semester in 2008 or move to another college/other study program has lower satisfaction to college. The construct of this research includes academic advising, social relationships, students involvement, students-academic relationships, business procedure, learning experience and university support service.

Palmisano (2012) stated that many factors do not support retention rates in Mortimer Adler College, USA. These factors include high tuition fees, academic intensity

level and the college curriculum does not support students to prepare for his or her career. Roos (2012) found that the freshmen student who receive academic support more likely to stay in college 62% than those who did not receive it. These arguments suggest the following hypothesis:

- H_1: corporate (university) identity has a positive influence on corporate (university) reputation
- H_2: corporate (university) identity has a positive influence on student satisfaction
- H_3: corporate (university) reputation has a positive influence on student satisfaction
- H_4: corporate (university) reputation has a positive influence on student retention
- H_5: student satisfaction has a positive influence on student retention
- H_6: corporate (university) identity has a positive influence on student retention

MATERIALS AND METHODS

This research used a survey approach to collect data from freshman/first year students on several corporate identity related attributes and image source constructs variables. The sample comprised 219 first year full-time students from a business school in Jakarta. The sample is composed of 48.9% males and 51.1% females. Most of respondent study in accounting 29.1% and management 34.2%.

The questionnaire consisted of five sections. The first section focused on student's background and included 5 items to obtain information about demographic characteristics. The second section examined the university/corporate identity. This section had 18 items to quantify the relative importance of the information sources used to gain knowledge about the university. The third section addressed the corporate reputation. This section comprises 24 items. The fourth and last section comprises 79 statements used to assess the student satisfaction and student retention.

The data collected was analyzed through SmartPLS 2.0 M3 was used to test the theoretical model and evaluate the impact of different source factors on corporate identiy. The choice of partial least squares path modeling technique was due to its ability to simultaneously test the quality of the measures and judge the explanatory power of the relations between the different constructs.

RESULTS AND DISCUSSION

Inner model evaluation (structural model): The inner model explains the structural relationship and the influence among latent variables and the quality of model.

Inner model evaluation was seen by R^2, GoF and Q^2. Wetzels *et al.* (2009) states that GoF<0.10 indicated that weak model quality, GoF 0.10-025 as a moderate model quality and GoF 0.25-0.36 as large model quality and GoF 0.36 as strong model quality. Wong (2013) state that Q^s 0.02 is small, 0.15 is moderate and >0.35 is large (it has predictive relevance). If Q^2<-0.02 is poor (it does not has predictive relevance) (Table 1). The structural model which was formed from PLS analysis given in Fig. 1 and 2.

First hypothesis states that there is a positive and very significant impact of corporate (university) identity
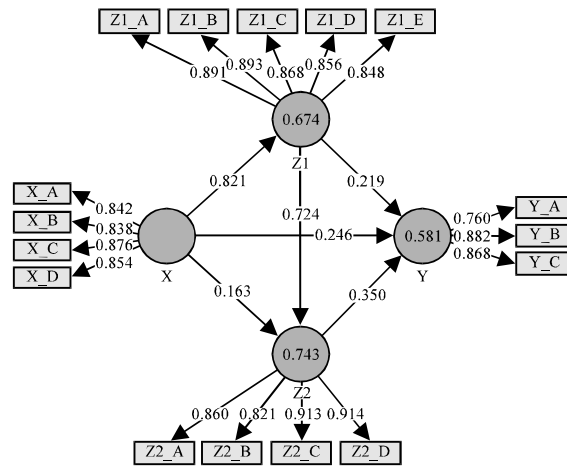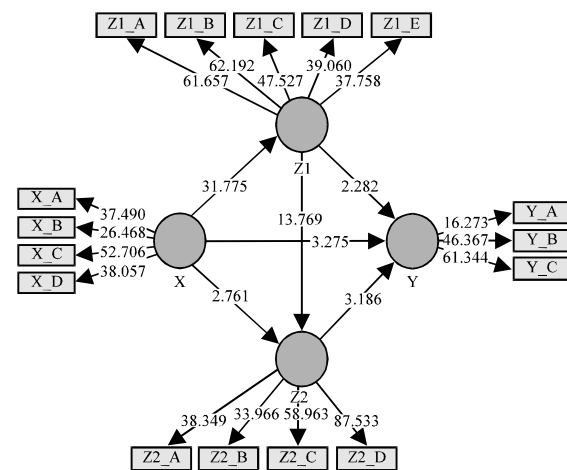

Fig. 1: The structural model (loading factor)

Fig. 2: The results of calculation structural model (t-value model)

Table 1: Inner model evaluation

Variables	R^2	Communality	GoF	Q^2
Corporate identity (X)	-	0.727	0.693	0.967
Corporate reputation (Z1)	0.678	0.725		
Customer satisfaction (Z2)	0.750	0.700		
Student retention (Y)	0.587	0.703		

Table 2: Summary of hypotesting testing result of the proposed research (t-table: 1.960)

No. of hypothesis	Research hypothesis	R² (%)	t-values	Testing results
H₁	Corporate (university) identity has a positive influence on corporate (university) reputation	67.4	31.775	Supported (very significant impact)
H₂	Corporate (university) identity has a positive influence on student satisfaction	12.4	2.761	Supported
H₃	Corporate (university) reputation has a positive influence on student satisfaction	62.1	13.769	Supported (very significant impact)
H₄	Corporate (university) reputation has a positive influence on student retention	14.8	2.282	Supported
H₅	Student satisfaction has a positive influence on student retention	19.3	3.186	Supported
H₆	Corporate (university) identity has a positive influence on student retention	11.9	3.275	Supported

to university reputation. These results support previous studies that have been conducted by Mohamad *et al.* (2009) which stated that there is positive relationship between corporate identity and corporate reputation. Third hypothesis is consistent with studies that have been done previously by Safon (2009) and Vidaver-Cohen (2007) which stated that a good reputation is important for consumers as well as pride and is a good reason to produce satisfaction for the consumer (Table 2).

Fifth hypothesis supports previous studies that have been carried out by Schreiner and Nelson (2013) which examines the relationship between student satisfaction and student retention. They found that the students might stay in the same college if they satisfied toward organizational communication climate and would be rethought their decision to choose their college.

Fourth hypothesis supports the results of research conducted by Thomas (2011) who conducted the research on the factors that influence the level of students loyalty or retention decision to universities in India where it was found that factors other than reputation, the degree of satisfaction determines a student loyalty on his/her university.

CONCLUSION

Much has been written on corporate identity, corporate reputation, student satisfaction and student retention. However, it is still rarely to investigate the relationship between those concepts. The objectives of this research were to review the corporate identity and corporate reputation constructs, to understand the dimensions of student satisfaction and student retention in higher university level and to analyze the impact that the various identity constructs in university as a corporate have on the student retention.

The previous research has revealed a lack of consensus on what factors contribute to student retention, their weight and how to measure them. Through this research, it was possible to conclude that corporate identity only have the capability to explain 11.9% of student retention. This is indicated that the corporate identity has small influence on the student retention simultaneously. This means that 79.1% comes from other factors cause the student retention. However, despite all these influences proved to be significant,

the student satisfaction construct is the one that most affect the student retention in a business school in Jakarta.

This seems to indicate that students are very much sensitive and influenced by the expectations and beliefs regarding the experiences of the academic life. Other important issue that deserves a detailed attention is that corporate reputation in which covers the emotional appeal, university services, vision and leadership, university environment and university towards social, responsibility (CSR University) constructs, all have almost the same influence on student satisfaction. From a practical standpoint, this means that universities managers should pay attention to improve university reputation, so that, the student will be more likely satisfied. Finally, the main implication of this research is that the university should focuses on improving student retention besides corporate (university) identity and university reputation.

LIMITATIONS

Although, this research contributes to improve the knowledge about universities reputation and their formation process, it will be necessary to consider some limitations. In this investigation, only students of one university (case in one business school in Jakarta) have been studied which limits the extrapolation of the findings.

RECOMMENDATIONS

The researchers suggest that it is important to test this model with students from other universities as well as to verify whether, the model behaves consistently when we use a sample of students from different areas of study in further research. On the other hand, it would be important to test the model with graduates students as they often possess professional experience and that might influence their retention decision of the university.

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