

## **THE EFFECT OF INSTITUTIONAL PERFORMANCE AND SERVICE QUALITY ON BRAND IMAGE THROUGH STUDENT SATISFACTION: A LITERATURE REVIEW**

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### **ABSTRACT**

This study aims to fill the gap in the literature by conducting a comprehensive analysis of institutional performance and service quality and discussing their role in university brand image through student satisfaction.

Universities should pay attention to dominant factors such as student satisfaction and loyalty to improve the positive image of the institution. Better quality of higher education will improve the image of the institution.

**Keywords: Institutional Performance, Service Quality, Student Satisfaction, Brand Image**

### **INTRODUCTION**

Higher education institutions play a vital role in preparing young people to compete in the global era. In a highly competitive environment, universities must provide high-quality learning experiences to meet student expectations. Institutional performance and service quality are key factors influencing student satisfaction, which ultimately impacts brand image. Satisfied students tend to be more loyal, recommend the institution to others, and contribute positively to the university's reputation. Conversely, dissatisfaction can damage brand image and reduce prospective students' interest. Several complaints related to academic and administrative services highlight the need for further study on these aspects. The topic of university brand image has begun to attract the attention of academics and practitioners, as evidenced by the increasing number of studies in academic journals and conference proceedings. Therefore, this study aims to fill the gap in the literature by conducting a comprehensive analysis of institutional performance and service quality and discussing their role in university brand image through student satisfaction.

### **THEORETICAL REVIEW**

The relationship between universities as an organization and students as consumers cannot be separated from marketing relationships. According to Kotler (2022), in marketing, communication is needed as a way for companies to inform, persuade, and remind consumers (directly or indirectly) about the products and brands they sell. Marketing communication represents the voice of the company and its brand so that marketing communication is a way for companies to build dialogue and relationships with consumers. By strengthening customer loyalty, marketing communication can contribute to customer equity. Marketing

communication also functions by showing consumers how and why a product is used, by whom, where, and when. Consumers can learn who makes the product and what the company and brand stand for, and they can be motivated to try or use it. Marketing communication can contribute to brand equity by building brands in memory and creating brand image, as well as by driving sales and influencing shareholder value. In analyzing the impact of institutional performance and service quality to determine satisfaction, especially in the context of customer satisfaction and marketing strategy, it refers to Kotler's idea (2022) that satisfaction is determined by the gap between customer expectations and actual performance. Customer satisfaction depends on expectations, perceptions of performance, and levels of satisfaction. Kotler emphasizes that high customer satisfaction leads to loyalty, positive word-of-mouth, and long-term business success.

In addition, according to Kotler (2022), brand image is a perception formed in the minds of consumers based on experiences and interactions with an institution. If students are satisfied with the service and performance of the institution, they will build a strong and positive brand relationship with the campus. In this context, an institution must have a goal to exceed student expectations to create students who are happy and become supporters of the institution.

### **Institutional Performance**

Institutional performance reflects the organization's ability to achieve its goals effectively and efficiently. According to Robbins & Coulter (2012), institutional performance is an indicator of the institution's success in implementing policies and carrying out its mission. Mahsun (2006) argues that institutional performance is a description of the level of achievement of the implementation of an activity, program, or policy in realizing the goals, mission, and vision of the organization as stated in the organization's strategic scheme. Bastian (2006) defines institutional performance as the level of success of the institution in carrying out its functions and achieving the goals that have been set. Supriyono (2000) states that institutional performance is the ability of an organization to achieve its goals and objectives by using resources effectively and efficiently. Institutional performance plays an important role in influencing student satisfaction and the image of higher education institutions. Various aspects contribute to institutional performance, including academic reputation, infrastructure, management efficiency, and governance. Alvi et al. (2020) highlight key performance factors such as mission clarity, lecturer competence, student support programs, and academic resources. High-performing institutions increase student satisfaction, which in turn strengthens brand image. Research by Kalam & Hossain (2023) revealed that the quality of teachers, research facilities and infrastructure, course syllabus and curriculum, along with policies and budgets are important dimensions of quality education that can reflect the performance of the institution.

### **Service Quality**

Service quality is an action or activity that can be offered by one party to another party that is essentially intangible and does not result in ownership. Kotler (2012) defines service quality as an action or activity that can be offered by one party to another party. Gronroos (1990) argues that service quality is a series of invisible activities that occur as a result of interactions between consumers and employees or other elements provided by service providers with the aim of solving customer problems. Lupiyoadi (2001) defines service quality as an action or activity that is essentially intangible and does not result in

ownership. Zeithaml & Bitner (2000) state that service quality is a series of intangible activities that occur as a result of interactions between consumers and employees or other elements provided by service providers with the aim of solving customer problems.

Service quality in this context refers to the ability of institutions to provide services that meet student expectations. Parasuraman et al. (1988) proposed five main dimensions to measure service quality, including: physical evidence (facilities and staff appearance), reliability (ability to provide promised services accurately), responsiveness (willingness to help students), assurance (competence of lecturers and staff to instill trust), and empathy (personal attention to students). In higher education, factors such as curriculum relevance, lecturer responsiveness, and campus facilities greatly influence the perception of service quality (Widikussyanto, 2020). An institution with a higher level of quality will produce a higher level of customer satisfaction, which in turn, supports a higher institutional image in the perception of its students. This is supported by research conducted by Alves et al., (2022) which shows that service quality has a positive and significant effect on student satisfaction, brand image has a positive and significant effect on student satisfaction.

### **Student Satisfaction**

Kotler (2009) defines satisfaction as the level of feeling after comparing perceived performance or results with expectations. Oliver (1997) argues that satisfaction is an emotional response to experiences related to products or services received. Supranto (2006) and Lupiyoadi (2001) also define satisfaction as the level of student feelings after comparing perceived performance with expectations. Student satisfaction is a subjective evaluation of students towards various outcomes and experiences related to education (Elliott and Shin, 2002).

Student satisfaction is an ongoing process and continues to be formed through experiences while studying at university. Student satisfaction is a temporary positive feeling resulting from student assessments of experiences with a professional and relaxed classroom atmosphere, learning experiences gained, lecture aids and tutorials, textbook and tuition fees, student support facilities, business procedures, relationships with teaching staff, knowledgeable and responsive faculty, staff willingness to help, feedback, and class size (Yusoff et al., 2015; Weerasinghe and Farnando, 2017).

Student satisfaction is influenced by learning methods, teaching quality, curriculum relevance, campus facilities, and institutional support services (Mesta, 2018) and research by Helgesen & Nasset (2007) shows that satisfied students tend to show higher loyalty. In addition, research by Chandra et al., (2018) shows a positive and significant influence between service quality and student satisfaction, and there is a positive and significant influence between student satisfaction and student loyalty, and university image has a positive and significant influence on student satisfaction and loyalty. So with high loyalty, it encourages increased student trust in the institution and students spontaneously promote by word of mouth about the positive experiences they have had regarding the institution. Therefore, increasing student satisfaction is very important to maintain a strong brand image because increasing student satisfaction can build the organization's reputation.

## **Brand Image**

Brand image is the perception and belief held by consumers, as reflected in associations embedded in consumer memory. Kotler and Keller (2016) define brand image as the perception and belief held by consumers. Kotler (2009) argues that brand image is a collection of beliefs, ideas, and impressions that a person has about a brand. Tjiptono (2011) also defines brand image as the perception and belief held by consumers based on past experiences with the brand. Image is the public's belief and assessment of an organization that is built from previous experiences related to quality assurance and contributes to the strength of the word of mouth network, which ultimately impacts purchasing decisions (Winarsih and Harwiki, 2018; Harsono, 2014; Hashim et al., 2015). In the context of higher education, an institution's brand image is built through academic reputation, service quality, and student satisfaction. A university's image will improve when its students perceive that the university offers better service quality (Clemes et al., 2013). Alcaide-Pulido et al. (2022) categorize brand image into functional (quality of education and facilities), affective (emotional connection with the institution), and reputational (public recognition and ranking) aspects.

A positive brand image attracts prospective students, retains existing students, and increases the competitiveness of the institution. A study conducted by Nguyen and LeBlanc (2001) at several business schools in Canada found a significant effect of institutional image on student loyalty. In addition, they also found that institutional image influences students' tendency to persist and continue their studies to a higher level.

## **DISCUSSION**

The results of Nastasić et al., (2019) research prove that students express greater satisfaction with the parameters of the educational process than non-teaching support. The parameters of the educational process have a significant contribution to overall student satisfaction, especially the parameters of academic staff. Finally, the data obtained show the fact that some parameters of non-teaching support have a negative contribution to overall student satisfaction with the quality of the institution. The main contribution of this study is reflected in the results obtained which show that students, despite the importance of the quality of the educational process, understand and emphasize the importance of the quality of non-teaching services.

Based on the results of a comprehensive study of students studying at the Faculty of Business and Law at Liverpool John Moores University (LJMU), it was found that the most important aspects of the university's service offerings are related to core services, namely lectures, including knowledge acquisition, class notes and materials, and delivery in class. Furthermore, the findings also confirm that the physical facilities of the University influence student choice. However, it is the quality of the teaching and learning experience that matters. Student feedback tends to confirm that they do receive high quality teaching from staff with a high level of expertise in their academic disciplines. Lectures and tutorials are the core services provided by universities and it is what happens in these classes that determines students' satisfaction with explicit services. They are prepared to tolerate shortcomings in the physical aspects of the facilities as long as the teaching they receive is considered to be at an acceptable level. However, large classes tend to cause dissatisfaction. Explicit services are assisted (and supported) by facilitation items such as PowerPoint presentation slides, additional handouts and recommended textbooks. Management is also responsible for providing the resources necessary to meet any standards. Universities around the world now

compete for students both nationally and internationally. To recruit and retain students, they must aim to increase student satisfaction and reduce student dissatisfaction. This can only be achieved if all the services that contribute to “academic life” are provided to an appropriate standard.

The results of Mesta's research (2019) can be concluded that satisfaction indirectly affects the brand image of the institution. The image of the institution is not only for the benefit of students but also as a guarantee for students in getting jobs from external parties. Building student satisfaction is the main goal of universities, in facing the increasingly turbulent competition in educational services. This is due to the intensity of the best universities at home and abroad, recruiting their best students to all corners of the country in Indonesia. Without building student satisfaction, the institution will experience long-term losses, because satisfied students can be the main pillars of conveying the best messages about the institution to others (word of mouth), maintaining the good name of the institution, recommending the institution to others and at the same time as advocacy for the institution. The results of the study show that satisfaction indirectly affects student loyalty through the institution's brand image.

Yusuf's (2017) research proves that HedPERF/service quality has a positive and significant effect on student satisfaction, HedPERF/service quality has a negative and insignificant effect on the formation of service value perceived by students, student satisfaction with perceived service value, where there is a positive and significant effect. Testing the perceived service value on the image of the institution is positive and significant, HedPERF/service quality has a negative and insignificant effect on the formation of the image of the institution, student satisfaction with the image of the institution has a negative and insignificant effect. In addition, the results of the indirect effect of the relationship between the variables HedPERF/service quality, student satisfaction, and perceived service value have a positive and significant effect.

Malik's (2014) research aims to explore the impact of service quality on student satisfaction and image in higher education institutions in Punjab. The results show that service quality greatly influences student satisfaction in various dimensions. The essence of student satisfaction lies in the quality of the teaching and learning environment in the institution as students demand well-qualified, educated and experienced teachers for their academic and professional development. Students want to be taught by teachers who have knowledge, expertise, generosity and fairness that are in accordance with standards. Teaching methodology and understanding of courses and assignments with a friendly teaching attitude are key factors that influence the academic environment of an institution. Tangible facilities such as classroom layout, laboratories and digital libraries, quality and reliability of infrastructure and other guaranteed facilities contribute to creating an image of institutional excellence.

## **CONCLUSION**

Institutional performance and service quality are the main determinants of student satisfaction and brand image in higher education. Well-performing institutions with high-quality services drive student satisfaction, which ultimately strengthens brand reputation. To develop a good university image, trust, and commitment, university administrators must pay attention to student satisfaction.

Universities need significant resources to improve faculty quality, because individual faculty attention has a positive effect on student satisfaction. Faculty development programs



need to be conducted so that faculty stay up-to-date with the latest developments in their respective fields. Faculty training programs should be conducted where faculty can be trained to understand student needs and respond appropriately. More importantly, institutions should also invest in recruiting the right faculty resources to maintain individual faculty attention to students. Universities should pay attention to dominant factors such as student satisfaction and loyalty to improve the positive image of the institution. Better quality of higher education will improve the image of the institution. After graduation, loyal students can continue to support their educational institution, either financially or through word-of-mouth promotion to other prospective, current, or former students, or even through some form of cooperation (Henning-Thurau et al., 2001).

In addition, loyalty can be measured through the intention to continue using education and conferences at the higher education institution in the future and recommend the higher education institution and its study programs. Therefore, maintaining student satisfaction and student loyalty is very important in every institution in projecting a good corporate image among its stakeholders.

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