

# CHAPTER I

## INTRODUCTION

### A. Background of the Study

Universities went through a thorough change since late 20<sup>th</sup> Century based on the changes in the society's needs and demands. The recent increase in the demand for higher education across the world, the globalization of the job market, and ease of international movement brought about a higher education market based on rivalry. As well as in business organizations, educational service providers also compete for resources and consumers. For the university, the importance of understanding the student is strengthened in the sense that satisfied and confident students want to use the university in the future. Brand loyalty is important since it assures continuity of the consumer lifecycle, positive word-of-mouth activities, and consumer advocacy. Organizations need to maintain the loyalty of consumers for success and sustainability of their organization (Keller, 2008). For such reason, university administrators should highlight the perception of confidence on the part of the students so that they may become loyal to their education institution. Hennig et al. (2001) found that a loyal student might continue to support his or her academic institution even after graduating by providing financial support, such as donations or research projects through word-of-mouth promotion to other prospective students, and by offering cooperation such as student placements or visiting lectures.

Because sense of student loyalty is very important to university, the university should drive their need to develop unique marketing strategies with a

“greater focus on the student” to help stand out among the competitor. Thus, there is a need among universities to understand the factors that contribute to greater mastery and understanding of what influences student loyalty. According to Anderson (2010) student perceptions about the service they perceive and thus be able to influence and achieve better experiences and higher trust rates among students. Therefore, according to Ravald et al. (1996) found out that perceived value affected trust and satisfaction and then (Laroche et al., 2013) said if a major antecedent of loyalty is trust. Customer perceived value was evaluation of the use experience is based on how valuable the content is perceived and Trust such a security felt by customers that a brand would meet their expectations (Delgado et al, 2001). Therefore, according to Zeithaml et al. (2000) developed the dimensions of perceived value into six points those are Physical condition, Professionalism, Quality of product/services, Price, Emotional Value, and Social Value.

On the other hand, trust becomes as important as perceived value for the university because students’ confidence contributes to their retention at the university (Thomas, 2012). According to Meer et al. (2014) argue to reinforce that students’ trust in the institution creates a degree of engagement, leading to a greater approach between the students and their university. It is worth mentioning that a trust relationship takes time to happen, having tendency to intensify with time, it increases as the customer maintains a relationship with the organization (Liu et al. 2008), and this can occur in universities, as students almost every day keep in touch with their educational institution, and this relationship can last for years.

Nevertheless, student's loyalty to the international program is the main evaluation to assess and investigate whether the international program services adequately or out of expectation. Therefore, the researcher wants to investigate the effect of perceived-value and consumer trust toward customer loyalty in international program of Universitas Muhammadiyah Surakarta.

### **B. Research problems**

1. Does customer perceived value (Installation, professionalism, Quality, Price, Emotional Value, Social Value) influence on customer trust in case of international program in UMS?
2. Does perceived value (Installation, professionalism, Quality, Price, Emotional Value, Social Value) influence on customer loyalty in case of international program in UMS?
3. Does customer's trust have influence on customer's loyalty in case of international program in UMS?
4. Does customer perceived value (Installation, professionalism, Quality, Price, Emotional Value, Social Value) have influence toward customer's loyalty by mediating customer's trust in case of international program in UMS?

### **C. The Purposes of the Study**

1. To investigate the effect of customer perceived value (Installation value, professionalism, Emotional Value, Social Value, Quality, and Price) on customer's trust in case of international program in UMS
2. To investigate the effect of perceived value (Installation value, professionalism, Emotional Value, Social Value, Quality, and Price) on customer loyalty in case of international program in UMS
3. To investigate the effect of customer trust on customer loyalty in case of international program in UMS
4. To investigate the effect of customer perceived value (Installation value, professionalism, Emotional Value, Social Value, Quality, and Price ) on customer loyalty by mediating customer trust in case of international program in UMS

### **D. The Benefits of the Research**

This research is expected to yield following purposes:

1. Theoretically, give more understanding what perceived value which supports consumer trust and customer loyalty for future researcher who want conduct research in same case.
2. Practically, it is expected to be data evaluationn for University to improve their value received by student.

### **E. The Systematic of Writing**

This research's systematic of writing is arranged as follows:

CHAPTER I : INTRODUCTION

This chapter includes introduction which consists of background of study, research problems, purposes of the study, benefits of the research, and the explanation of writing systematic.

## CHAPTER II : LITERATURE REVIEW AND HYPOTHESIS

This chapter contains theoretical background of variables used in this study. They are summary of previous studies, hypothesis of the study and theoretical framework.

## CHAPTER III : RESEARCH METHODOLOGY

This chapter explains the methodologies of the research. It provides the information about research design, population and sample, sampling method, operational definition, source of data, data collecting technique, instrument analysis, data analysis, and hypothesis testing.

## CHAPTER IV : DATA ANALYSIS AND DISCUSSION

In this chapter, there are results of data analysis and the discussion as the implication of this study.

## CHAPTER V : CONCLUSION

The last chapter covers summaries and results of the research. It deals with conclusion, research limitation, implication of study, and research suggestion