Building Student Loyalty through Satisfaction: The Influence of Word of Mouth and Service Quality

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ABSTRACT

This study aims to determine the effect of *word of mouth* and service quality on student loyalty through satisfaction. The population in this study were 300 active students of STIE Indonesia Jakarta from the 2019 to 2024 cohorts. Data was collected by distributing questionnaires via Google Forms through the WhatsApp application, and SmartPLS was used for analysis. The results show that *word of mouth* has a direct effect on student satisfaction, a direct effect on student loyalty, and an indirect effect on student loyalty through satisfaction. Service quality has a direct effect on student satisfaction, a direct effect on student loyalty, and an indirect effect on student loyalty through satisfaction. Satisfaction has a direct effect on student loyalty.

Keywords: *Word of Mouth*, Service Quality, Student Loyalty, Satisfaction.

1. INTRODUCTION

Students play a very important role in the learning process at universities. Therefore, universities need to take strategic steps to continuously improve the quality of education in order to achieve the desired goals. Student loyalty is reflected in several behaviours, such as the willingness to recommend the institution to others, continuing their studies at the same institution, and feeling proud to be part of it. High satisfaction encourages students to remain loyal, even in the face of external influences such as competition with other institutions. In the overall context, continuously improving service quality and consistent satisfaction are the main keys to building student loyalty to the institution (Rafika Wijayanti & Suratman, 2023) . The lecture experience and service quality can drive satisfaction, which increases loyalty and the intention to recommend the campus (Puteri MF, 2024). By providing quality services and meeting student expectations, institutions can increase their credibility, competitiveness, and sustainability in the education sector (Ilham et al., 2024). Dimensions often used in evaluation are *physical evidence*, *reliability*, *responsiveness*, *assurance*, and *empathy* .

Word of mouth (WOM) is also an important factor, as prospective students tend to trust recommendations from people close to them or online reviews when deciding on their educational choices (Wirawan & Oktivera, 2022). The relevance of this topic is increasing in the highly digital context of Indonesia. The 2024 APJII survey reports internet penetration of 79.5% or around 221.6 million users, marking a campus information ecosystem that is increasingly influenced by student testimonials and online conversations (databoks, 2024). Student satisfaction is a crucial bridge that connects service quality with loyalty and WOM. The implication is that WOM, whether through direct communication or social media, is an important variable in shaping the image and preferences of prospective students. Dimensions such as academic and non-academic services, facilities, lecturer-student interaction, and administrative support can influence satisfaction, which in turn leads to loyalty and positive WOM behaviour (Santini, F. de O. *et al*, 2024). Therefore, systematically

managing service quality from academic processes to support services is an evidence-based strategy to foster satisfaction, strengthen WOM, and ultimately build student loyalty.

2. METHODS

This study uses a quantitative approach. Data collection in the form of questionnaires was conducted using Google Forms and distributed via the WhatsApp application. The population in this study consisted of 300 active students from STIE Indonesia Jakarta from 6 study programmes from the 2019–2024 cohorts.

3. RESULTS AND DISCUSSION

Evaluating the measurement model analysis (outer model) with reflective indicators evaluated with latent constructs to determine the validity or reliability value of the model in SmartPLS.

Table 1. Outer Model

Variable	Indicator	Loading (> 0.7)	Ave (> 0.5)	Composite Reliability
Word of Mouth	WOM1	0.813	0.648	
	WOM2	0.799		0.933
	WOM3	0.820		
	WOM4	0.792		
	WOM5	0.806		
	WOM6	0.828		
	WOM7	0.821		
	WOM8	0.766		
	WOM9	0.798		
Service Quality	KP1	0.840		0.949
	KP2	0.809	0.662	
	KP3	0.814		
	KP4	0.850		
	KP5	0.839		
	KP6	0.791		
	KP7	0.805		
	KP8	0.791		
	KP9	0.818		
	KP10	0.769		
	KP11	0.817		

Student Loyalty	LM1	0.706	0.629	0.928
	LM2	0.764		
	LM3	0.828		
	LM4	0.782		
	LM5	0.762		
	LM6	0.841		
	LM7	0.819		
	LM8	0.808		
	LM9	0.821		
Satisfaction	K1	0.794	0.635	0.937
	K2	0.790		
	K3	0.809		
	K4	0.838		
	K5	0.753		
	K6	0.818		
	K7	0.808		
	K8	0.745		
	K9	0.789		
	K10	0.820		

Source: Processed by researchers (2025)

Reliability Test (R^2)

The R-Square value for the Student Loyalty variable is 0.844 or equivalent to 84.4%, indicating that the model is in the good or strong category. Meanwhile, the R-Square value for the Satisfaction variable is 0.736 or 73.6%, also indicating that the model is in the good or strong category.

Path Analysis (*Path Coefficient*)

Table 2. Path Coefficients

Variable	Path Coefficient
Word of Mouth → Student Loyalty	0.157
Word of Mouth → Satisfaction	0.242

Service Quality → Student Loyalty	0.338
Service Quality -> Satisfaction	0.496
Satisfaction -> Student Loyalty	0.381

1. *Word of mouth* has a direct effect on student loyalty. This means that students tend to trust information they get from friends, family, or peers who share their experiences directly. *WOM* gives a more personal and authentic impression than formal promotions.
2. Service quality has a direct effect on student loyalty. This means that the quality of academic services, such as lecturer guidance, ranging from technical support, registration, academic information, to administration, creates a positive first impression for students. In addition to academic needs, STIE Indonesia Jakarta students also need support for non-academic matters, such as organisational activities, career guidance, or psychological services. The quality of service in this aspect helps students feel that they are being cared for comprehensively, thereby increasing their loyalty.
3. *Word of mouth* has a direct impact on student satisfaction. This means that when students receive positive information from friends, family or alumni who have had first-hand experience, such as good study programmes, fast administrative services or good career support, they will be more satisfied and feel more confident in their decision to choose or continue studying at STIE Indonesia Jakarta.
4. Service quality has a direct impact on student satisfaction. This means that STIE Indonesia Jakarta students feel satisfied with good service quality, such as responsive administrative staff, academic support, and attention to student needs, which can create a positive experience. Students who feel well served will be more satisfied and feel valued, which is directly related to their level of satisfaction.
5. Student satisfaction has a direct impact on student loyalty. This means that when students are satisfied with their academic experience and the services they receive, they develop positive feelings towards the campus. These feelings create an emotional attachment that can strengthen their loyalty, both in the form of greater involvement on campus and the desire to remain at the institution until they complete their studies.
6. *Word of mouth* has an indirect effect on student loyalty through satisfaction. This means that *WOM* does not directly shape loyalty because recommendations alone are not enough to make students loyal. WOM acts as an external factor that influences students' internal satisfaction. Satisfaction is an important mediator because without a satisfying experience, WOM only stops at the perception stage, not at long-term loyalty. Students who are satisfied with their experiences and hear positive stories from fellow students or alumni are more likely to remain loyal to the campus, whether in the context of continuing their studies, participating in alumni activities, or even recommending the campus to the next generation.
7. Service quality indirectly influences student loyalty through satisfaction. This means that service quality is an *indirect* factor that triggers loyalty, because without satisfaction, service quality does not necessarily make students loyal. Satisfaction is the bridge that connects service quality with student loyalty. Satisfaction then encourages students to persevere, commit to completing their studies, and show loyalty to the institution.

4. CONCLUSION

Data analysis using SmartPLS on students at STIE Indonesia Jakarta shows that *word of mouth* and service quality influence student loyalty, both directly and indirectly through satisfaction as a mediating variable. Student satisfaction plays an important role in strengthening the relationship between positive perceptions of service and word of mouth communication with long-term loyalty to the institution. Therefore, improving service quality and encouraging positive *word of mouth* are relevant and effective strategies in building and maintaining student loyalty to higher education institutions.

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