

MBA STUDENTS' SATISFACTION AND LOYALTY: STATE VS. PRIVATE UNIVERSITIES IN TURKEY

ZADOVOLJSTVO I LOJALNOST MBA STUDENATA: DRŽAVNA NASUPROT PRIVATNIM SVEUČILIŠTIMA U TURSKOJ

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Nihat Kamil Anil, Ph. D.

Assistant Professor
Director of Vize Occupational College, Kırklareli University
Vize MYO, Vize-Kırklareli, TURKEY
Phone: ++90 288 318 3444
Mobile: ++90 537 278 8730
E-mail: nihatanil@yahoo.com

Gulnur Eti Icli, Ph. D.

Associate Professor
Chair of Business Administration Department
Faculty of Economics and Administrative Sciences, Kırklareli University
Kayali Campus, Kırklareli, TURKEY
Phone: ++90 288 246 1709
Mobile: ++90 537 278 8730
E-mail: gulnuricli@yahoo.com

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SAŽETAK

Cilj rada je istražiti konstrukt zadovoljstva studenta i analizirati njegovu povezanost s lojalnošću studenta u kontekstu državnih i privatnih sveučilišta.

Upitnik je bio podijeljen polaznicima MBA studija na državnim i privatnim sveučilištima smještenim u Istanbulu - najvećem gradu u Turskoj. Korišten je upitnik na turskom jeziku, s 45 stavki, a prilagođen je izvorima iz literature. Nadalje, autori su u upitnik dodali nekoliko novih stavki. U istraživanju je za testiranje hipoteza teorijskog modela

ABSTRACT

The purpose of this paper is to explore the construct of student satisfaction and analyze its relationship with student loyalty in the context of state and private universities.

A 45-item Turkish questionnaire adapted from literature, to which the authors added several items, was administered to MBA students of state- and private, foundation-owned universities located in Istanbul, as the largest city of Turkey. In this study, a two-step confirmative modeling strategy was chosen to test the hypothe-

korištena konfirmatorna strategija modeliranja u dva koraka uz primjenu LISREL-a 8. U prvom koraku spomenutog pristupa ustanovljena je kongruentnost i istovrsnost mjerenog modela za svaki tip sveučilišta, a u drugom su testirane hipoteze analizom strukturnih modela.

Rezultati istraživanja pokazuju pozitivnu korelaciju između zadovoljstva i lojalnosti. Najvažniji čimbenici zadovoljstva među studentima koji pohađaju državna sveučilišta jesu: akademska kvaliteta, kvaliteta poučavanja i prikladne mogućnosti za razvoj karijere. No kod privatnih sveučilišta najznačajniji su čimbenici kvaliteta poučavanja i prateće usluge, kao i mogućnosti za razvoj karijere. U ovom istraživanju kvaliteta administrativnih službi i usluga knjižnice pokazali su se nevažnim čimbenicima za MBA studente državnih i privatnih sveučilišta.

Posebnost istraživanja, što pridonosi originalnosti rada, jest u ispitivanju razlike između državnih i privatnih sveučilišta odvojeno.

ses of the theoretical model by using LISREL 8. As the first step of the mentioned approach, a congruent and congeneric measurement model was established for each type of universities; then, in the second stage, hypotheses were tested by analyzing structural models.

Research findings show a positive correlation between satisfaction and loyalty. The most important factors of satisfaction for the students attending state-owned universities are academic quality, teaching quality, and appropriateness of career opportunities; however, at private universities teaching quality and supportive services and appropriateness of career opportunities are the most significant factors. Administrative and the quality of library services turned out to be unimportant factors for MBA students both at state and private universities in this study. The distinguishing point of this study, which enhances its originality, was examining the difference between state and private universities separately.

1. INTRODUCTION

Individual and social development can be achieved with the help of education. Knowledge society and knowledge-based economy create a new global system. In this new global system, the economic power of an individual is measured by his/her knowledge and education level while the competitive power of a country is measured by its both human and social capital. Universities are affected by these changes all around the world and are competing for prestige, the best faculty, the best students, research grants, ranking well among top universities, and donations. Therefore, gaining and/or sustaining competitiveness depends on the reflection of these changes on their curricula, research facilities, visions and implementing changes accordingly. Universities also race to provide better dorms, sports facilities, better campus services, and more effective career offices.

It is important for universities, as a part of the educational sector, to be successful in the implementation of these changes while also improving themselves like other service sectors by means of providing satisfaction to students; this includes several aspects, such as knowledge, professional competences, a rapid service and clear guidance. The only way for the universities to survive in this competitive environment is to adopt a long-term plan to provide satisfaction to students and sustain their commitment.

Consistent with Thomas (2011), *"Governments of many countries have encouraged private organizations or foundations to provide education in order to raise the nation's education level for recent decades. Due to reduction in government funding, and the growing interest in education of private organizations or foundations, there has been rapid growth in private educational organizations"*, higher education institutions in Turkey have grown remarkably in terms of the number of institutions over the past three decades. When the Turkish Council of Higher Education was established in

1981, there were only 27 universities, all of which were state-owned. This number has increased more than five times to reach 170 at present, 66 of which are private (or foundation) universities (CHE, 2013).¹ A total of 60 universities, 17 of which are foundation universities, are also members of the European University Association (EUA, 2012).

Having well-established tradition, state support, government funding, talented academicians, no commercial purpose, large campuses, dormitories, largely resolved accommodation problems, and very low tuition fees, which is consistent with the findings of Oliveira (2006) and Romero and Rey (2004), can be outlined as the advantages of state-owned universities in the Turkish higher education system. Moreover, their service provision is more focused on the well-being of the society than on profit. However, higher admission standards than at private universities, a shortage of funds, insufficient staff, lack of extra-curricular activities, as well as a negative attitude of city residents to students and more bureaucratic management styles can be listed among their disadvantages (Wong & Wong, 2012).

The rise of private universities has not only created education opportunity for the hundreds of thousands of students who cannot be placed at state universities in Turkey (Mizikaci, 2010), but also has helped the government avoid an outflow of local currency for overseas studies (Bas & Ardic, 2002). Being relatively recently established, charging high tuition fees, having a huge acceptance point difference between scholarship grant and non-grant students who pay high tuition fees, private universities in Turkey are located only in big cities. They are characterized by the courses offered in foreign languages, especially in English, strong international connections, dual degree opportunities, practice-based education, a strong relationship with the business community. Thanks to their small size, which often makes them a kind of boutique universities, they also have a small class size, smaller but focused range of majors, greater flexibility, customer-first attitude and a special effort at embarking on a career after graduation. But beside their benefits,

the expansion of the university system by private universities has caused numerous problems; for instance, some talented academicians have left the public universities, leaving while many of those who remain feeling increasingly worn out and dissatisfied (Bas & Ardic, 2002). However, a number of private universities are often considered to be of lower quality than their state-owned equivalents (Oliveira, 2006).

Growth of higher education institutions has entailed new expectations and fostered competition. Universities, no matter whether they are state- or foundation-owned, compete with each other not only in terms of scientific studies but also in arousing interest among students, finding lecturers or staff, creating resources and becoming a brand. As the expectations are met, satisfaction will increase accordingly. Therefore, the universities have to develop strategies to meet these expectations by providing several high-quality services, such as academic, teaching, administrative, and support services.

The literature includes numerous papers related to satisfaction and loyalty of students in higher education, but empirical research focusing on the differences between student satisfaction and loyalty at state and private universities (such as: Romero & Rey, 2004; Oliveira, 2006) is limited. The authors aim at filling this gap by examining the existing literature, and then proposing the model in the next section. The third section gives the methodology followed by the findings. The paper ends with concluding remarks.

2. LITERATURE REVIEW

In the studies about the educational service provided at universities, the concepts of student satisfaction and loyalty have been mentioned very often as a result of the quality in service. Cronin and Taylor (1992) have argued that service quality is in fact an antecedent of satisfaction, and that the direction of causality is from service quality to satisfaction.

Universities can best attract and retain students through identifying and meeting their needs and expectations. The students are the clients who are to be given service and whose needs are to be met in order to achieve success of the universities themselves. Therefore, it is imperative for universities to identify and deliver what is important to students and what satisfies in terms of the quality of the services provided by universities, such as academic quality, teaching quality, administrative services quality, support services quality, career services and library service quality.

It is known that satisfaction level is determined by the difference between service performance as perceived by the customer, and what the customer expects (Parasuraman, Zeithaml & Berry, 1985). A variety of factors (institutional factors, instructor teaching style, quality of instruction, infrastructural facilities etc.) appear to influence student satisfaction in higher education. It is possible to increase the quality and create satisfaction by providing students with the desires and needs.

SERVQUAL scale, developed by Parasuraman et al. (1985), is often used to measure the quality in the service sector while the scale named SERVPERF, developed by Cronin and Taylor (1992), is also used in the education sector. Many researchers have benefited from these scales in examining the quality of education services and the satisfaction arising from these services. In general, besides the fact that these scales reveal the determinants of quality, other aspects have also been required due to some specific features of the education sector, so a scale specific to the education sector has been developed. This scale – HEdPERF, which Abdullah worked out in 2006, includes 6 dimensions: non-academic aspects, academic aspects, reputation, access, program issues, understanding (Abdullah, 2006). Awan (2010) used combined HEdPERF and SERVPERF scales in his study, in which he aimed at identifying the determinants of service quality. Awan measured the service quality on three dimensions, namely, academic service quality, managerial service quality and general service quality.

Gibson (2010) states the factors affecting student satisfaction as the quality of the academic program, including the lesson quality, curriculum and career goals, student focus, academic and services personnel, responsiveness, availability and the quality of facilities and services, such as advisory and IT support. Tsinidou, Gerogiannis and Fitsilis (2010) determined the following factors affecting the quality in education in the studies they have conducted: academic staff, managerial services, library services, curriculum, location, infrastructure (facilities, such as food, accommodation, sports) and career possibilities.

Arambewela, Hall and Zuhair (2005) outline the factors which have a powerful effect on student satisfaction as the quality of education, the efficiency of the possibilities presented to the students, the university reputation, presenting better career possibilities and the client value presented by the university. Standardized syllabus and structure, quality programs, students feedback to progressive measures, empathetic administrative staff willing to solve students problems and fair treatment are the dominant variables which strongly predict the overall service quality (Ravichandran & Kumar, 2010).

Heslop and Nadeau (2010) identify seven factors that affect MBA applicants' decisions on the choice of the university. These are: (a) deeper learning outcomes, such as strategic decision-making, developing new ways of thinking; (b) skills-based learning outcomes, such as entrepreneurship, leadership, teamwork; (c) job and career outcomes, including finding a job quickly, having access to job placement services; (d) faculty / school reputation outcomes, including faculty teaching ability, business experience; (e) traditional business learning outcomes, including the study of functional areas and international topics; (f) personal interest outcomes, such as a wide choice of courses; (g) affordability outcomes, that is, being able to afford to attend. However, they do not link these factors with satisfaction and loyalty.

Nesset and Helgesen (2009) have improved the work of Helgesen and Nesset (2007) and use

loyalty as the ultimate dependent variable, and the perception of reputation and satisfaction as an important explanatory variable. They also incorporate emotional aspects (positive and negative affect) with *cognitive* quality drivers, such as learning quality, facility quality and IT quality. However, they do not incorporate some important drivers, such as career services, administrative quality etc.

Tsinidou et al. (2010) identify the quality determinants for education services provided by higher education institutions in Greece, and measure their relative importance from the students' points of view. However, they do not associate these factors with loyalty.

Ledden, Kalafatis and Mathioudakis (2011) treat service quality as an antecedent of value which, in turn, is a driver of satisfaction, the ultimate outcome of which is word-of-mouth recommendation. Nevertheless, they establish no direct relationship between service quality and satisfaction.

Rojas-Méndez, Vasquez-Parraga, Kara and Cerda-Urrutia (2009) examine perceived service quality, satisfaction, trust and commitment within a model to explain loyalty. However, they do not cover the importance of library services, career services etc.

Thomas (2011) uses a modified version of an instrument developed by Helgesen and Nesset (2007) to measure student satisfaction with the following dimensions: quality of academics, quality of administration, quality of social life, quality of infrastructure and quality of support services.

Wong and Wong (2012) investigate the link between relationship commitment and student loyalty, and the key determinants of relationship commitment only in private higher education.

Sampaio, Perin, Simoes and Kleinowski (2012) focus on students' perception of value, trust and loyalty and how these constructs are connect-

ed in the context of higher education in Brazil. They find that trust in faculty and trust in staff positively affects student trust in management policies and practices; trust in management policies and practices and trust in faculty positively impact perceived value, and perceived value strongly affects student loyalty (Sampaio et al., 2012). Likewise, Perin, Sampaio, Simoes, and Polvora (2012) address the impact of student trust, commitment and quality perception on loyalty.

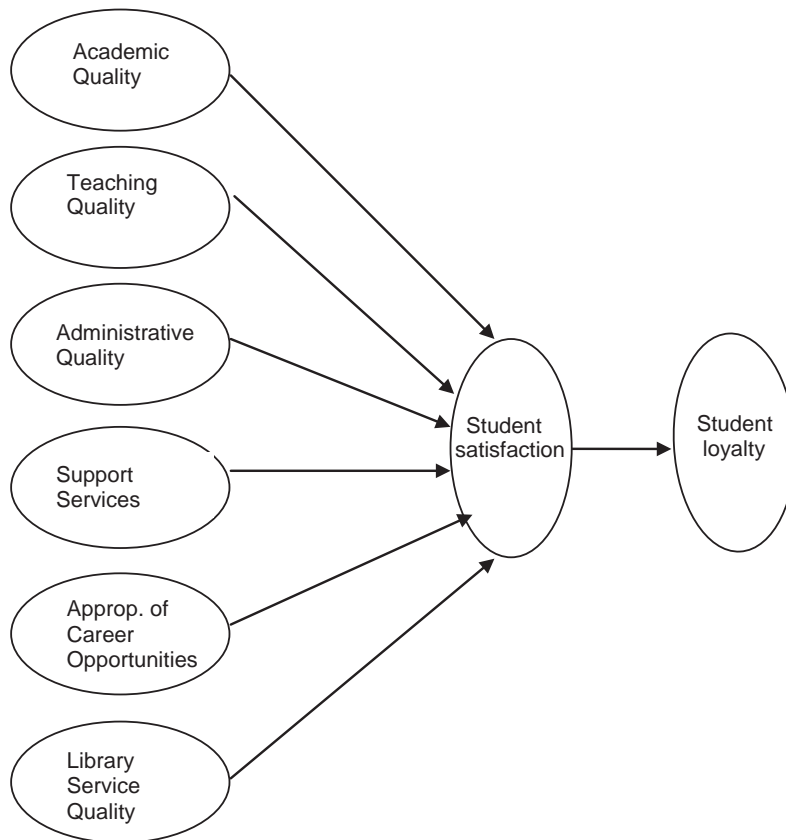
Ahn (1988) compares “specifically” relative efficiencies of public and private doctoral-granting universities in the U.S. by employing data envelopment analysis. He finds that public universities are more efficient than private universities when managerial and program inefficiencies are pres-

ent in the data. When managerial inefficiencies are disentangled from the data and medical schools are not present, private universities have more efficient programs. However, their managers are less efficient users of program opportunities than the managers at public universities.

However, none of the studies mentioned above have made any distinction between state-owned universities and foundation-owned or private universities. The purpose of this paper is to explore the construct of student satisfaction and analyze its relationship with student loyalty in the context of state and private universities.

In this study, student satisfaction with the following dimensions is given in Figure 1.

Figure 1: The Research Model



2.1. Loyalty

Client loyalty is only possible with client satisfaction. Strong loyalty is one of the most valuable things that businesses can have. The loyalty of clients to a business and the strength of their attitudes make it hard and costly for competitors to draw away clients.

Universities are giving more importance to student loyalty to gain more competitive advantage, just like other service businesses, than they used to. That is why the factors influencing student satisfaction and loyalty should be researched and analyzed further. With such an approach, the universities can increase the value presented and, thus, student loyalty (Nesset & Helgesen, 2009).

According to Hennig-Thurau, Lager and Hansen (2001), an educational institution benefits from having loyal students not only when students are formal attendees. The success of an educational institution also depends on the loyalty of former students. After graduating, a loyal alumnus may continue to support his or her academic institution: (a) financially (e.g., through donations or financial support of research projects); (b) through word-of-mouth promotion to other prospective, current or former students; and (c) through some form of cooperation (e.g. by offering placements for students or by giving visiting lectures).

Client/student satisfaction certainly increases the success of a university, its reputation and its development. The best introduction tool is the evaluation by clients among themselves. The increase in the satisfaction with the university leads to positive attitudes such as students' positive evaluation, client citizen behavior and client loyalty (Tuzun & Devrani, 2008).

According to Rojas-Méndez et al. (2009), student loyalty is a sort of strategic competitive advantage because seeking new consumers is definitely more cost intensive than keeping existing ones; it is assumed that student loyalty may pay

off after graduation as alumni continue supporting their academic institutions, and through job offers to new graduates.

2.2. Academic quality

Now, thanks to rapid developments in science and technology, industrial societies are turning into information societies. Since today's most important factors of production are human power and knowledge, the role of universities in this process is very important. In increasing the level of information and skills of the society, the universities and academic staff are highly valuable.

The most basic and the most important determinant of satisfaction with universities is the academic quality of their staff and lecturers. Human interaction is very important in the education service provided in these institutions and in identifying the satisfaction for the service. The interaction between students and the academic staff affects the students' perceptions about and their satisfaction with the university.

To keep the academic quality high and thus increase the satisfaction level, lecturers who keep their ideals high, update their knowledge by following scientific developments, do research, produce new information and use this information to raise new scientists and researchers are needed. The instructors contribute to the world of science by publishing scientific articles and conducting research. It will thus be possible to increase student satisfaction and loyalty to the university by interacting well with the students who are willing to conduct research and improve themselves.

Studies related to the academic quality show academicians as the university staff who mostly interacts with students; that interaction between academicians and students has been observed to be very effective in raising student satisfaction with the university. The communication skills of the academicians involved and friendly approach

are stated as the most important determinants of academic quality (Tsinidou et al., 2010). As the trust of students in the academic staff and their satisfaction experiences with them increase, their satisfaction with the university in general also increases (Tuzun & Devrani, 2008).

In the studies made, a student-focused attitude (valuing the students, positive approach etc.) is outlined as an important indicator (Elliott & Healy, 2001). Al-Alak (2006) expresses the fact that it is important for university employees to have professional/academic appearance, with an academic manner to make students satisfied. He also states that well-groomed and educated employees, who also show signs of understanding and empathy toward students, project a sense of confidence to their students. Similarly, Butt and Rehman (2010) have concluded that the most important factor in student satisfaction is the fact that the academicians are expert in their fields. The feedback from lecturers, good access to lecturers and teaching quality are perceived to be the most important variables influencing student satisfaction (Thomas, 2011). Therefore, we hypothesize that:

H1: Academic quality has a significant positive impact on student satisfaction.

2.3. Teaching quality

Another factor determining the education quality and, thus, increasing the level of satisfaction among students is the offer of extensive and up-to-date lecture contents, able to achieve the specialization in the desired fields through flexible curriculums. Daily plans should be prepared both for theoretical and practical needs to provide the students with the required information and skills to compete in the global world.

In the studies of Heslop and Nadeau (2010), the students cited as the most important factors in attending MBA programs: learning to make strategic decisions, developing new ways of think-

ing, new business possibilities and access to career services.

Elliott and Healy (2001) stress that the facilities related to education and teaching, such as the academic experience of the student, academic perfectionism and lecture programs, are important indicators influencing student satisfaction. Education atmosphere and lectures in the program are influential in the satisfaction with the university (Butt & Rehman, 2010). Similarly, Nesset and Helgesen (2009) outline the quality of education as the most influential factor on the loyalty of students.

It is also necessary, in terms of satisfaction, to support lectures with the involvement of professionals from the actual business world. Providing the opportunity for important sectoral professionals to tell the students about their experiences, and for the students to interact with them will both increase student satisfaction and also enable marketing strategies to help develop powerful trademarks by increasing the reliance on the quality of the services the university provides (Arambewela, Hall & Zuhair, 2005). Therefore, we hypothesize that:

H2: Teaching quality has a significant positive impact on student satisfaction.

2.4. Administrative quality

Logical and transparent administrative understanding is an important factor influencing satisfaction and academic development. According to Kitchroen (2004), the first exposure of the student to the university is through admission and registrar services; so, providing a high quality of that service to students contributes to a positive assessment of the university. The administrative staff needs to be able to provide service rapidly, be friendly, have scheduled working hours and be able to guide students. Trained administrative staff who can provide thorough information to students needs to be employed. Tsinidou et al.

(2010) have determined that the initial desire of students is to be guided properly by the administrative staff and their advice. It has been shown that administrative quality, though to a lesser extent than the factors that are directly related to pedagogic implementation, does act as a predictor of student satisfaction (Kuo & Ye, 2009). All students, regardless of their experience, demand high-quality administrative support, as well as high-quality teaching (Wiers-Jenssen, Stensaker & Groggaard, 2002). Moreover, "contact personnel" has been found as the most influential factor in students' evaluation of service quality (So-hail & Shaikh, 2004). Therefore, we make a further hypothesis:

H3: Administrative quality has a significant positive impact on student satisfaction.

2.5. Support services quality

The instructor and the places where the students are educated need to be equipped well enough (classes, computer labs, library, even canteens). Information technologies enable access to and sharing of information as a learning environment. Possibilities such as lecture software, computer-based education, distance learning, video conferencing, Internet-based education and the Internet itself provide a rich learning environment in terms of the students' learning ability and the academicians' teaching activity.

Students not only expect the classroom environment to be convenient but also expect the existence of a campus environment, including social and cultural facilities within easy reach. Thomas (2011) found that educational institutions should realize the importance of a range of support services (including placement support, hostel, canteen) in increasing student satisfaction. University students expect quality accommodation and food to be made available on the campus at a reasonable cost; food and accommodation are rated as important factors influencing student satisfaction. Therefore, we hypothesize that:

H4: Support service quality has a significant positive impact on student satisfaction.

2.6. Library service quality

The availability of rich printed and electronic sources at the university library, class, workshop and laboratory etc., as well as sufficient and well-maintained education environment with social, cultural and sports facilities and infrastructure to house such facilities are very important as satisfaction indicators for a university.

As the infrastructural facilities, such as computer center and library, are also very important; most management courses require the constant use of computers, the Internet and software applications, the presence of modern and adequate computer and library facilities enhances the satisfaction levels among students (Arambewela et al., 2005). Similarly, Tsinidou et al. (2010) state that students consider the "availability of books and periodicals" more important. The second criterion is the "ease of the borrowing process", followed closely by a "friendly service" and "operating hours". Therefore, we have formulated another hypothesis:

H5: Library service quality has a significant positive impact on student satisfaction.

2.7. Appropriateness of career opportunities

The students taking a particular specialization in the course of their education have expectations of showing themselves more easily. The quicker university graduates find jobs, the better the universities are accepted. Career center/counseling is more important to upper-level students, who are afraid of facing the future without the prospect of a job (Lau, 2003).

In a survey made with the graduates in Canada, the most crucial criteria in evaluating MBA pro-

grams have been determined to be the following: career possibilities, advancing in the position and the possibilities of working internationally etc. (Heslop & Nadeau, 2010). Arambewela et al. (2005) state that the career opportunities are very influential on students, and also mention that the statistics about the students with prominent careers and employment figures need to be emphasized. Therefore, we hypothesize that:

H6: Appropriateness of career opportunities has a significant positive impact on student satisfaction.

2.8. Satisfaction

In a competitive environment, universities need to be student-focused. Valuing the needs of clients correctly is the foundation of the marketing understanding in order to provide client satisfaction and, thus, also provide client loyalty.

Elliott and Healy (2001) have proposed that student satisfaction is an attitude resulting from the evaluation of students' experiences regarding educational services.

Student satisfaction is one of the major goals of educational institutions. Institutions of higher education have been interested in increasing student satisfaction and that is why most universities and colleges are using student satisfaction surveys as a way to measure performance.

High satisfaction creates an emotional bond between the client and the brand, and leads to client loyalty. A client who is satisfied with a product or a service tends to buy again and recommend it to other people. In other words, as their satisfaction with the university increases, students tell positive things about the university and even encourage others to become their school mates (Tuzun & Devrani, 2008). Therefore, we hypothesize that:

H7: Student satisfaction has a significant positive impact on student loyalty.

3. METHODOLOGY

3.1. Data collection

The questionnaire was administered to MBA students by research assistants of state and private, foundation-owned universities located in Istanbul – the largest city of Turkey with nine state and 34 private universities. Out of these, five state-owned universities and 13 private, foundation-owned universities were selected since they offered both MBA and Ph. D. programs in business administration. Other universities were neglected due to the fact that either they had no doctoral program or no Institute of Social Sciences (graduate school). All targeted state-owned and only six out of 13 private universities accepted to participate in the survey. The convenience sampling was used. A total of 300 questionnaires were sent to state universities and 187 usable questionnaires were obtained while 450 questionnaires were sent to the private (foundation) universities, with only 130 usable questionnaires collected, giving a return rate of 62% and 29%, respectively.

3.2. Measures

A 45-item Turkish questionnaire was adapted from Tsinidou et al. (2010), Heslop and Nadeau (2010), Nettet and Helgesen (2009), Rojas-Méndez et al. (2009). Moreover, the authors added several items, such as gaining knowledge which contributes finding a job to the teaching quality dimension; availability of e-library and online journal membership to library service quality; necessary equipment in the classrooms (computer, digital projector) to support services; effective career center and contributing more compared with other universities to the appropriateness of career opportunities. Following a suggestion by Crompton, Lee and Shuster's (2001), the questionnaire was aimed at being as short as possible to take less time to complete, in order to get more

cooperation of the respondents. A back translation method for measures was used. Academic quality, teaching quality, administrative quality, library service quality, support services, appropriateness of career opportunities, satisfaction and loyalty were measured on a five-point Likert-type scale with the following values: 1 = strongly disagree, 3 = neutral, and 5 = strongly agree. A pilot study on 15 MBA students revealed no problems in the understanding of the questions. Thus, the actual survey proceeded without changes to the final questionnaire.

The demographic characteristics of students included gender, age, income, job status, type of MBA (with a thesis or not) and scholarship.

In this study, a two-step confirmative modeling strategy, according to Hair, Black, Babin, Anderson and Tatham (2006), was employed to test the hypotheses of the theoretical model shown in Figure 1 by using LISREL 8 (Jöreskog & Sörbom, 1996). As the first step of the mentioned approach, a congruent and congeneric measurement model was established for each type of university and, subsequently, the hypotheses put forwarded were tested by analyzing the structural models in the second stage.

4. RESULTS

It should be noted that the state- and foundation-owned universities were analyzed separately in this study, and two structural equation models for each type of universities were presented.

4.1. Demographic characteristics of respondents – state-owned universities

The descriptive analysis of demographic characteristics of the respondents at state-owned

Table 1: Demographic characteristics of respondents – state-owned universities

Variables	Frequency	Percentage
Age		
<22	8	4.3
22-25	95	50.8
26-29	49	26,2
30-33	16	8.6
34+	19	10.2
Gender		
male	96	51.3
female	91	48.7
Job status		
lecturer	5	2.7
private sector (except university)	91	48.7
public sector (except university)	18	9.6
unemployed	73	39.0
Income (TRY)		
500-1000	58	31.0
1,001-1,500	30	16.0
1,501-2,000	38	20.3
2,001-2,500	18	9.6
2,501+	43	23.0
Type of education		
regular	159	85.0
night classes	28	15.0
Type of MBA		
with thesis	106	56.7
without thesis	81	43.3
Scholarship student		
yes	15	8.0
no	172	92.0
Total of 187 students. None missing.		

universities shows the following gender distribution: males representing 51.3% and females 48.7% of the sample. Altogether, 81.3% of the respondents were under 30 years of age, with only 10.3% older than 34. Roughly a half of them or 48.7% were employed in the private sector while 39% were unemployed and 31% of the respon-

dents lived on less than 1,000 Turkish lira, almost equal to USD 550 per month. Interestingly, 23% earned more than 2,500 Turkish lira, which was equal to approximately USD 1,373 per month at the time. Most students were enrolled in regular full-time education whereas 15% were attended night classes. More than half of the students (56.7%) were enrolled in MBA with thesis programs, and no more than 8% were studied on a scholarship. Table 1 shows the demographic characteristics of respondents from state-owned universities.

4.2. Demographic characteristics of respondents – private universities

The demographic characteristics of the respondents from foundation universities were as follows: in the gender distribution, males had a 46.2% share and females 53.8%, with 84.6% of the respondents under 30 years of age and only 6.7% older than 34. Private sector employees accounted for 56.2% of the respondents while 33.8% were unemployed. Some 25.4% of the respondents lived on less than 1,000 Turkish lira (roughly USD 550) per month, with 20% earning more than 2,500 Turkish lira (USD 1,373) per month. Most students (72.3%) were enrolled in night classes while the regular full-time education had a 27.7% share among the respondents. The vast majority or 94.6% of them were enrolled in MBA without thesis programs. Only the 17.7% minority were scholarship students. Table 2 shows the demographic characteristics of respondents from private, foundation-owned universities.

Table 2: Demographic characteristics of respondents – private universities

Variables	Frequency	Percentage
Age		
<22	5	3.8
22-25	49	37.7
26-29	56	43.1
30-33	11	8.5
34+	9	6.9
Gender		
male	60	46.2
female	70	53.8
Job status		
lecturer	1	.8
private sector (except university)	73	56.2
public sector (except university)	12	9.2
unemployed	44	33.8
Income (TRY)		
500-1000	33	25.4
1,001-1,500	24	18.5
1,501-2,000	24	18.5
2,001-2,500	23	17.7
2,501+	26	20.0
Type of education		
regular	36	27.7
night classes	94	72.3
Type of MBA		
with thesis	7	5.4
without thesis	123	94.6
Scholarship student		
yes	23	17.7
no	107	82.3
Total of 130 students. None missing.		

4.3. Measurement reliability and validity

Nesset and Helgesen (2009)'s approach was used so, firstly, the confirmatory factor analysis (CFA) was applied, followed by the structural equation modeling (SEM). Table 3 gives the CFA results for state-owned universities.

Table 3: Results of the confirmatory factor analysis for state-owned universities

Variables	Factor loading	t-value	α /pvc(n)/ ρ
Academic Quality			
3- Opportunity of having a good communication with academicians.	0.80	12.15	.80/57/80
4- Positive attitudes/behaviors towards all students.	0.75	11.14	
5- High academic support to students from academicians.	0.72	10.56	
Teaching Quality			
6- Wide variety and choice of courses.	0.71	10.86	.87/52/87
7- Can study in a specialization of interest.	0.68	10.23	
8- Developing new ways of thinking.	0.79	12.40	
9- Gaining knowledge which contributes to finding a job.	0.68	10.22	
10- Learning both theory and practice.	0.76	11.91	
11- Improvement in both oral/written communication.	0.70	10.51	
Administrative Quality			
15- Rapid service.	0.78	12.25	.88/52/87
16- Timely notification of students regarding schedule changes and/or cancellations, new decisions, activities etc.	0.84	13.48	
17- Clear guidelines and advice.	0.86	13.99	
21- Friendliness.	0.74	11.26	
Library Service Quality			
23- Availability of textbooks and journals.	0.86	14.43	.90/65/88
24- Availability of e-library and online journal membership.	0.86	14.30	
25- Easy borrowing process.	0.86	14.25	
26- Appropriate working hours.	0.74	11.56	
27- Friendliness.	0.68	10.25	
Support Services			
29- Size of classrooms, laboratories.	0.78	11.06	.72/54/77
30- Necessary equipment in the classrooms (computer, digital projector etc).	0.88	12.66	
31- Catering services and cafes.	0.48	6.38	
Appropriateness of Career Opportunities			
33- Effective career center.	0.69	10.36	.85/61/86
34- Good career after graduation.	0.85	13.85	
35- Finding a job easily and quickly.	0.87	14.35	
36- More contribution compared with other universities.	0.71	10.66	
Satisfaction			
40- Satisfaction with the university compared with an ideal one.	0.88	14.88	.90/82/90
41- Satisfaction with the university compared with expectations.	0.93	16.41	
Loyalty			
42- Probability of attending the same university if starting a new.	0.89	14.97	.82/65/85
43- I recommend this university to my friends.	0.92	15.96	
45- Probability of attending new courses/further education at the university.	0.57	8.13	
$\chi^2/d.f.$ (596.08/377)=1.58; RMSEA= 0.056; NFI= 0.95; NNFI= 0.98; CFI= 0.98; IFI= 0.98 Notes: α = internal reliability (Cronbach, 1951), pvc (n) = variance extracted (Fornell & Larcker, 1981), and ρ = composite reliability (Bagozzi, 1980).			

Table 4: Scale means, standard deviations and correlations for state-owned universities

Scale	Mean (s. d.)	1	2	3	4	5	6	7	8
Academic Quality	3.67 (.74)	1.00							
Teaching Quality	3.62 (.79)	0.76	1.00						
Administrative Quality	3.08 (.92)	0.47	0.47	1.00					
Library service quality	3.65 (.92)	0.47	0.53	0.36	1.00				
Support Services	3.72 (.79)	0.41	0.49	0.28	0.44	1.00			
Appropriateness of Career Opportunities	3.44 (.82)	0.64	0.74	0.41	0.54	0.45	1.00		
Satisfaction	3.62 (.83)	0.75	0.81	0.48	0.53	0.45	0.74	1.00	
Loyalty	3.66 (.86)	0.64	0.71	0.48	0.56	0.41	0.66	0.83	1.00

The validity of the measures was examined through CFA with LISREL 8. PRELIS was used to compute the covariance matrix used by LISREL. Results (in Table 3), as interpreted by the goodness-of-fit measures, show that the model fits the data well, confirming the convergent validity characteristic of the measures ($X^2/d.f.$ (596.08/377)=1.58; RMSEA=0.056; NFI=0.95; NNFI=0.98; CFI=0.98; IFI=0.98). The assessment of discriminant validity requires an examination of the components to ensure that they are not perfectly correlated, i.e. correlations equal to 1 (Vanhala, Puumalainen & Blomqvist, 2011). According to Kline (2005), discriminant validity can be established when the interfactor correlation is below 0.85. However, correlations at less than 0.90 also indicate distinct constructs and low correlations indicate discriminant validity (Ruvio, Shoham & Makovec Brencic, 2008). As a test of discriminant validity, the correlations among the latent constructs were checked (in Table 4): they provided evidence of discriminant validity. Reliability coefficients are above .70, indicating acceptable reliability (Nunnally, 1978).

Results (in Table 5), as interpreted by the goodness-of-fit measures, show that the model fits the data well, confirming the convergent validity char-

acteristic of the measures ($X^2/d.f.$ (569.19/377)=1.51; RMSEA=0.063; NFI=0.96; NNFI=0.98; CFI=0.98; IFI=0.98). Reliability coefficients are above .80, indicating acceptable reliability (Nunnally, 1978).

The assessment of discriminant validity requires an examination of the components to ensure that they are not perfectly correlated, i.e. correlations equal to 1 (Vanhala et al., 2011). According to Kline (2005), discriminant validity can be established when the interfactor correlation is below 0.85. The correlations of less than 0.90 also indicate distinct constructs while low correlations indicate discriminant validity (Ruvio et al., 2008). As a test of discriminant validity, the correlations among the latent constructs were checked (in Table 6): they provided evidence of discriminant validity. Even though only one high correlation was found – that between satisfaction and loyalty that slightly exceeded the suggested criterion (Kline, 2005; Ruvio et al., 2008), the decision was made not to combine satisfaction and loyalty mainly due to theoretical considerations, as the factors have been widely conceptualized as distinct factors. Another indication of discriminant validity of the concepts in the model is the fact that the overall fit is quite satisfactory.

Table 5: Results of the confirmatory factor analysis for private universities

Factor	Factor loading	t-value	α /pvc(n)/ ρ
Academic Quality			
3- Opportunity of having a good communication with academicians.	0.81	10.51	.82/.61/.82
4- Positive attitudes/behaviors towards all students.	0.78	9.94	
5- High academic support to students from academicians.	0.75	9.41	
Teaching Quality			
6- Wide variety and choice of courses.	0.84	11.61	.94/.72/.94
7- Can study in a specialization of interest.	0.83	11.55	
8- Developing new ways of thinking.	0.84	11.71	
9- Gaining knowledge which contributes to finding a job.	0.83	11.44	
10- Learning both theory and practice.	0.92	13.54	
11- Improvement in both oral/written communication.	0.81	11.15	
Administrative Quality			
15- Rapid service.	0.79	10.40	.86/.61/.86
16- Timely notification of students regarding schedule changes and/or cancellations, new decisions, activities etc.	0.84	11.33	
17- Clear guidelines and advice.	0.74	9.47	
21- Friendliness.	0.74	9.47	
Library Service Quality			
23- Availability of textbooks and journals.	0.91	13.42	.93/.74/.93
24- Availability of e-library and online journal membership.	0.91	13.39	
25- Easy borrowing process.	0.86	12.18	
26- Appropriate working hours.	0.83	11.39	
27- Friendliness.	0.78	10.38	
Support Services			
29- Size of classrooms, laboratories.	0.88	11.53	.79/.58/.80
30- Necessary equipment in the classrooms (computer, digital projector etc).	0.79	10.02	
31- Catering services and cafes.	0.59	6.97	
Appropriateness of Career Opportunities			
33- Effective career center.	0.84	11.78	.94/.79/.94
34- Good career after graduation.	0.94	14.27	
35- Finding a job easily and quickly.	0.90	13.11	
36- More contribution compared with other universities.	0.87	12.38	
Satisfaction			
40- Satisfaction with the university compared with an ideal one.	0.95	14.39	.96/.91/.95
41- Satisfaction with the university compared with expectations.	0.96	14.79	
Loyalty			
42- Probability of attending the same university if starting a new.	0.9	14.98	.94/.80/.92
43- I recommend this university to my friends.	0.96	14.77	
45- Probability of attending new courses/further education at the university.	0.82	11.31	
$\chi^2/d.f.$ (569.19/377)=1.51; RMSEA= 0.063; NFI= 0.96; NNFI= 0.98; CFI= 0.98; IFI= 0.98 Notes: α = internal reliability (Cronbach, 1951), pvc (n) = variance extracted (Fornell & Larcker, 1981), and ρ = composite reliability (Bagozzi, 1980).			

Table 6: Scale means, standard deviations and correlations for private universities

Scale	Mean (s. d.)	1	2	3	4	5	6	7	8
Academic Quality	3.82 (.87)	1.00							
Teaching Quality	3.59 (.93)	0.79	1.00						
Administrative Quality	3.65 (.90)	0.60	0.64	1.00					
Library Service Quality	3.65 (.98)	0.48	0.63	0.63	1.00				
Support Services	3.62 (1.02)	0.48	0.62	0.55	0.59	1.00			
Appropriate-ness of Career Opportunities	3.33 (1.09)	0.68	0.85	0.74	0.67	0.68	1.00		
Satisfaction	3.36 (1.11)	0.73	0.82	0.67	0.58	0.64	0.81	1.00	
Loyalty	3.23 (1.27)	0.68	0.81	0.66	0.57	0.66	0.82	0.91	1.00

4.4. Structural model

4.4.1. Structural model for state-owned universities

Figure 2 shows the main results of an estimate of the proposed model for state-owned universities. The global fit of the model is: ($X^2/d.f.$ (602.98/383)=1.57; RMSEA=0.056; NFI=0.95; NNFI=0.98; CFI=0.98; IFI=0.98). As a conclusion, the model fit is sufficient for further analysis. The squared multiple correlations (SMCs; R^2) for the

structural equations of MBA students' satisfaction, and loyalty were found to be reasonable (in Table 7). Over 2/3 of the variance (SMC=0.71) in loyalty was explained by the direct effect of MBA students' satisfaction, and the indirect effects of academic quality, teaching quality and appropriateness of career opportunities. For MBA students' satisfaction (SMC=0.76), over 2/3 of the variance was explained by the direct effects of academic quality, teaching quality and appropriateness of career opportunities. However, unexpectedly, administrative quality, library service quality, and support services were found to be statistically insignificant.

Table 7: Standardized parameter estimates for state-owned universities

Path		Standardized coefficients	t-value
Academic Quality Satisfaction	---->	.23	2.44
Teaching Quality Satisfaction	---->	.39	3.52
Appropriateness of Career Opportunities Satisfaction	---->	.23	2.76
Satisfaction Loyalty	---->	.85	12.61
Administrative Quality Satisfaction	---->	.08	1.33 (not significant)
Library Service Quality Satisfaction	---->	.08	1.22 (not significant)
Support Service Satisfaction	---->	.01	0.23 (not significant)
SMC (R^2)			
Satisfaction		.76	
Loyalty		.71	

4.4.2. Structural model for private universities

Figure 3 shows the main results of the estimate of the proposed model for private universities. The global fit of the model is: ($X^2/d.f.$ (574.32/383)=1.50; RMSEA=0.062; NFI=0.96; NNFI=0.98; CFI=0.98; IFI=0.98). As a conclusion, the model fit is sufficient for further analysis. The squared multiple correlations (SMCs; R^2) for the structural equations of MBA students' satisfaction and loyalty were found to be reasonable (in Table 8). Over 2/3 of the variance (SMC=0.85) in loyalty was explained by the direct effect of MBA students' satisfaction, and the indirect effects of teaching quality, support services and appropriateness of career opportunities. For MBA students' satisfaction (SMC=0.77), 2/3 of the variance was explained by the direct effects of teaching quality, support services and appropriateness of career opportunities. However, academic quality, administrative quality and library

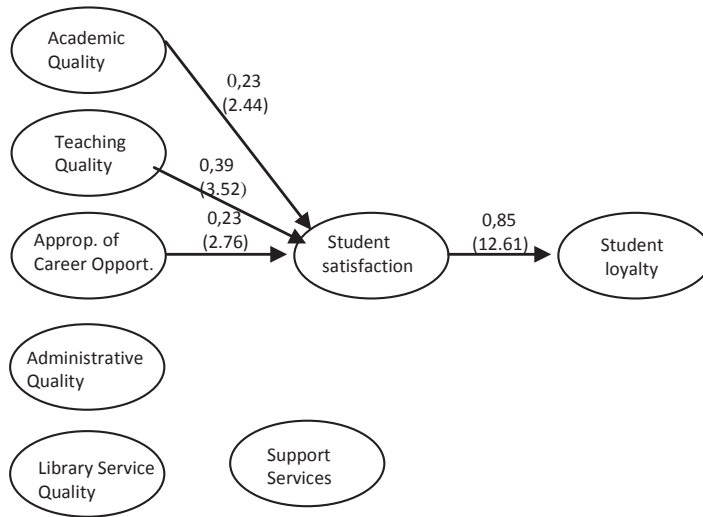
service quality were found statistically insignificant, which was unexpected.

4.5. Hypothesis testing

As shown in Figure 2, academic quality was found to significantly affect satisfaction (0.23, $t=2.44$), supporting H_1 . The relationship between teaching quality dimension and MBA students' satisfaction, the contents of the teaching quality served as the strongest predictor of satisfaction (0.39, $t=3.52$), supporting H_2 . Relating to career opportunities, the relationship between appropriateness of career opportunities and MBA students' satisfaction was found to significantly affect satisfaction (0.23, $t=2.76$), supporting H_6 . Likewise, student satisfaction positively affected student loyalty (0.85, $t=11.61$). Hence, H_7 was supported. However, administrative quality, library and support service quality did not have a significant effect on MBA students' satisfaction. Therefore, H_3 , H_4 , and H_5 were not supported.

Table 8: Standardized parameter estimates for private universities

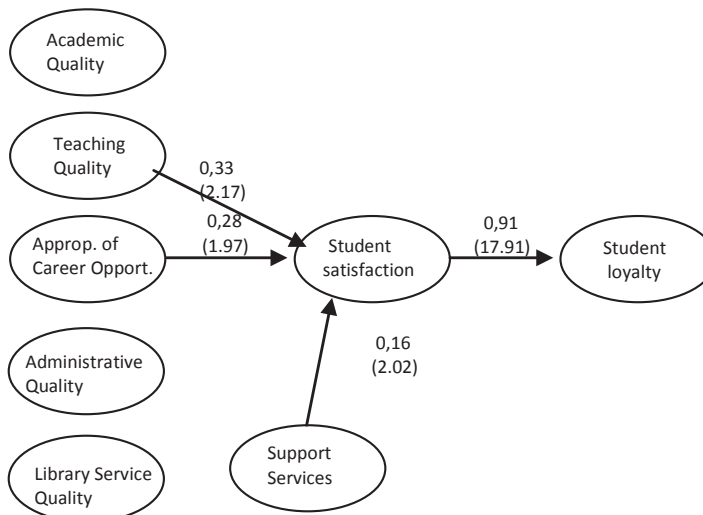
Path		Standardized coefficients	t-value
Teaching Quality Satisfaction	---->	.33	2.17
Support Service Satisfaction	---->	.16	2.02
Appropriateness of Career Opportunities Satisfaction	---->	.28	1.97
Satisfaction Loyalty	---->	.92	17.91
Administrative Quality Satisfaction	---->	.10	0.95 (not significant)
Library Service Quality Satisfaction	---->	-.04	-.50 (not significant)
Academic Quality Satisfaction	---->	.16	1.41 (not significant)
SMC (R^2)			
Satisfaction		.77	
Loyalty		.85	

Figure 2: Structural model for state-owned universities

The main findings: standardized coefficient (t-value). Only statistically significant paths are reported.

As shown in Figure 3, with respect to testing the relationship between teaching quality dimension and MBA students' satisfaction, the contents of the teaching quality served as the strongest predictor of satisfaction (0.33, $t=2.17$), supporting H_2 . The relationship between support service and MBA students' satisfaction was found to significantly affect satisfaction (0.16, $t=2.04$),

supporting H_5 . Relating to career opportunities, the relationship between the appropriateness of career opportunities and MBA students' satisfaction was found to significantly affect satisfaction (0.28, $t=1.97$), supporting H_6 . Likewise, student satisfaction positively affected student loyalty (0.91, $t=17.91$). Hence, H_7 was supported. However, academic quality, administrative quality and library service quality did not have a significant effect on MBA students' satisfaction. Therefore, H_1 , H_3 , and H_4 were not supported.

Figure 3: Structural model for private universities

The main findings: standardized coefficient (t-value). Only statistically significant paths are reported.

5. CONCLUDING REMARKS

In recent years, the number of higher education institutions in Turkey has grown remarkably, raising the appeal and enhancing the student interest in higher education. The purpose of this study is to explore the construct of student satisfaction and analyze its relationship with student loyalty in the context of state- and privately-owned universities in Turkey

In this study, state-owned and private (foundation-owned) universities were analyzed separately. At state-owned universities, satisfaction was explained by the direct effects of academic quality, teaching quality and the appropriateness of career opportunities. Loyalty was explained by the direct effect of MBA students' satisfaction and the indirect effects of academic quality, teaching quality and the appropriateness of career opportunities. When it comes to foundation-owned universities, satisfaction was explained by the direct effects of teaching quality, support services and the appropriateness of career opportunities. Loyalty was explained by the direct effect of MBA students' satisfaction and the indirect effects of teaching quality, support services and the appropriateness of career opportunities.

The study shows a positive correlation between satisfaction and loyalty. This means that a more satisfied student is likely to feel more positive about the institution and that, in turn, will make him more loyal. The antecedents of satisfaction also need to be analyzed to see how student satisfaction can be improved.

The most important factors of satisfaction for the students attending state universities are academic quality, teaching quality and the appropriateness of career opportunities; however,

at private universities, teaching quality and support services and the appropriateness of career opportunities are the most significant factors. Administrative quality and library service quality turned out to be unimportant satisfactory factors for the MBA students of both state-owned and private universities.

For both types of universities, teaching quality and the appropriateness of career opportunities were determined as the most important factors in terms of satisfaction. A current and wide range of course content which would enable expertise in the field of interest and its presentation through a flexible syllabus affect the quality of education and, thus, increase satisfaction. Considering the education literature, teaching quality is stated to be the most important factor affecting student satisfaction and loyalty. In this aspect, the findings of our research are in accordance with the literature on this topic (Heslop & Nadeau, 2010; Nettet & Helgesen, 2009; Elliott & Healy, 2001; Butt & Rehman, 2010). Similarly, the appropriateness of career opportunities was found to be effective in terms of satisfaction for both state-owned and private, foundation-owned university students.

Career possibilities, getting promotion, the possibilities of working internationally are important factors for students. In the studies conducted by Heslop and Nadeau (2010) and Arambewela, Hall and Zuhair (2005), career opportunities were the factors raising the level of satisfaction. In this study, career opportunities offered by the universities are regarded as a significant factor increasing the level of satisfaction as well.

The academic quality was found to be a factor affecting satisfaction at state-owned universities, as opposed to private universities. For the students receiving their MBA education at state universities, the academic quality of the university plays a major role in terms of satisfaction. Taking the literature into consideration, communication skills and the friendly attitude of the academic staff are stated as the most important determiners of academic success (Tsinidou et

al., 2010). As the students increasingly trust and are satisfied with the academic staff, so does the level of their satisfaction with the university also grow. In this study, state university students stated that communication opportunities with the academic staff, academic support provided by the staff and the student-centered approach were significant determiners of satisfaction. In this regard, it is possible to say that private universities are a step ahead of state universities in Turkey. Although the situation does not apply to all universities, state universities in general lack a student-centered (in other words customer-centered) approach. Instead, they maintain a rather traditional approach. Student-centered approach at state universities is a recently arising issue, resulting from an increase in the number of universities and the emergence of competition among them. However, private universities regard students as customers. Bearing in mind the necessity of establishing communication with customers in order to satisfy them, they maintain a customer-centered approach. They adopt any strategy necessary to satisfy their students so that they would choose that university over others. In this respect, private universities regard students differently from state universities. Thus, we can conclude that private university students do not consider academic quality as a satisfaction factor, as it is already a part of private universities. As the number of state universities has increased in recent years, their vision and strategies have changed as well.

Support services were not stated as a factor of satisfaction at state universities, whereas appearing to be influential on private university students. The survey conducted by Townley and Harvey found the quality of food and accommodation to be important factors influencing satisfaction (cited from Thomas, 2011). The expectations regarding physical environment and support services among private university students are higher, also affecting satisfaction. This is not the case at state-owned universities, as the facilities are a lot more limited and students take that fact for granted.

Although they are proven to be influential factors of satisfaction in the literature (Tsinidou et al., 2010; Arambewela et al., 2005), administrative quality and library service quality turned out to be unimportant factors for MBA students both at state-owned and private universities in this study. The administrative staff of state-owned universities consists of clerks designated by the state; therefore, administrative quality at all state-owned universities is provided in similar ways with a similar approach, which could be a reason for its not being influential. At private universities, however, these services are offered under better general conditions and, thus, students do not regard them as a factor of satisfaction. In Turkey, the quality of library services has increased both at state and private universities; students have access to a great number of databases anywhere and anytime. Consequently, this factor is not influential on satisfaction.

Higher-education market has become considerably more competitive than it used around the world, and higher education in our country is no exception. The existing competition among private, foundation-owned universities in Turkey has spread to state universities as their numbers increased. Universities have to focus better on the market and student satisfaction in order to outrun their rivals and be preferred by the customers (students) in the target market. Expectations of the society from universities have changed. It is inevitable for the universities to adopt a consumer-centered approach and focus on marketing, instead of implementing traditional strategies in order to increase satisfaction and meet the changing demands.

The findings of this study, which focus on the factors affecting student satisfaction and, thus, loyalty as well, may show the path for future practices by both state and private universities. The study was carried out among the students at state and private universities in Istanbul only; therefore, it is limited and its outcomes could not be generalized. The authors kindly invite researchers to cover universities in other cities of Turkey.

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Endnotes

- ¹ According to Article 130 of the Constitution of the Republic of Turkey, "Institutions of higher education, under the supervision and control of the state, can be established by foundations in accordance with the procedures and principles set forth in the law, provided that they do not pursue lucrative aims." Therefore, only the government and foundations, not private entities can establish universities. This is the main reason that the authors prefer "private (foundation-owned)" university to "private" university in the Turkish context.