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The Moderating Effect of Environmental Turbulence on the Relationship Between Brand Loyalty on the Overall Brand Equity in Public Universities in Malaysia

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PRESENTATION **OUTLINES**

- 01 Introduction**
- 02 Literature Review**
- 03 Methodology**
- 04 Result & Discussion**
- 05 Conclusion**



INTRODUCTION

- **Malaysian Higher Educational Institutions (MHEIs) play an important role towards development of Malaysian Economy (MEB, 2015-2025)**
- **Education reforms are constantly taking place in Malaysia due to increasing number of enrolment of tertiary students (Rahman & Islam, 2016).**
- **HEIs has become one of the most important intangible assets for Universities to develop in order to ensure their survival (Amegbe, Hanu & Atorney, 2016)**

INTRODUCTION

- **However, most Malaysian public universities are unaware of this and have taken overall brand equity for granted, which has a negative impact on student students enrolled (Teh & Salleh, 2011, Hasnizam, 2014, Ghelicken & Saeednia, 2015)**
- **Downward trend of HEIs enrollment and decreasing percentage of annual students enrollment from year 2011 to year 2015 (MOE, 2015) shown the lack of branding effort and poor decision making (Li, 2016).**
- **The influence of Environmental Turbulence (ET) as moderating factor on student's 's perception have been studied by many scholars and result shown that it has a critical impact on overall brand equity (Kotler, 2011; Su, Peng, Shen, Jiaotong & Xiao, 2013, Nik Mat, 2018)**

INTRODUCTION

- Given the gap in existing knowledge, the aims of this paper:
 - ✓ To provide a foundation for further research into the effect of brand loyalty on overall brand equity in Malaysian public universities.
 - ✓ To provide practical assistance to HEIs in focusing on brand loyalty efforts and the moderating effect that leads to increased student enrollment.

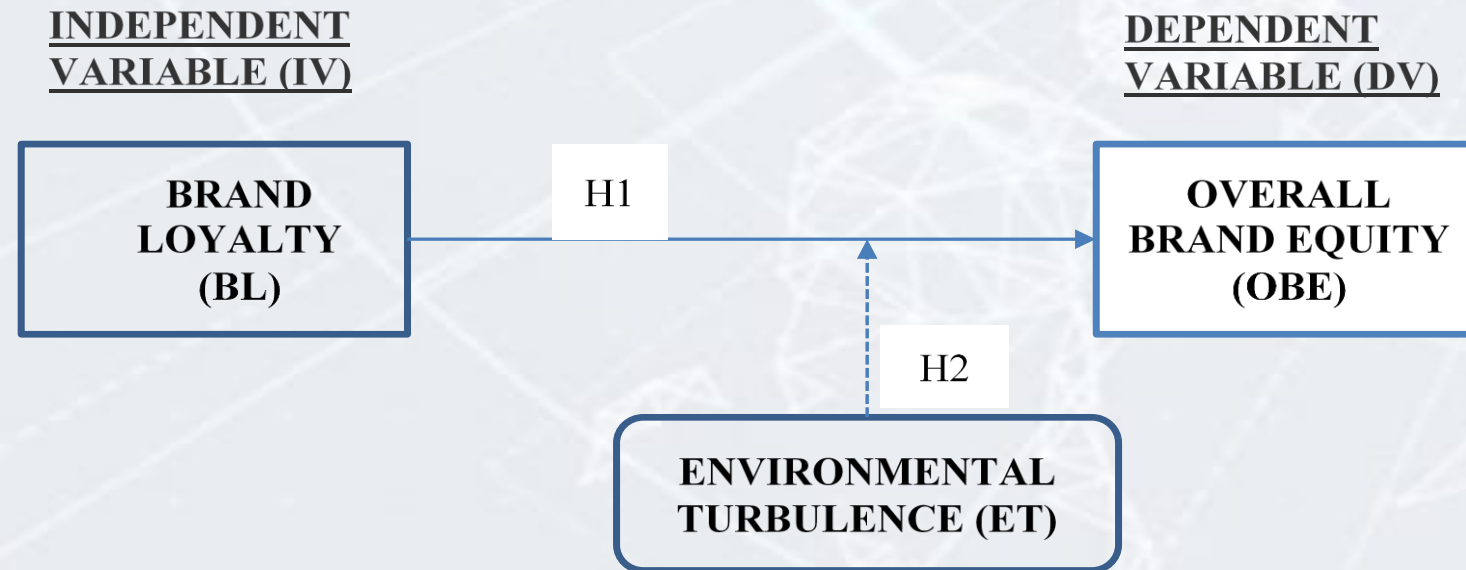


LITERATURE REVIEW

- **Brand Loyalty (Aaker, 1991)**
- **Overall Brand Equity (Yoo, Donthu & Lee, 2001; Severi & Ling, 2013)**
- **Brand Loyalty and Overall Brand Equity (Murtiasih, Sucherly & Siringoringo, 2014).**
- **Environmental Turbulence (ET) as moderating factor on consumer's perception (Kotler, 2011; Su, Peng, Shen, Jiaotong & Xiao, 2013).**
- **H₁ : There is a significant effect on the relationship between brand loyalty and overall brand equity.**
- **H₂ : There is a moderating effect of environmental turbulence on the relationship between brand loyalty and overall brand equity.**

RESEARCH FRAMEWORK

Figure 1: Research Framework



RESEARCH METHODOLOGY

POPULATION AND SAMPLING

- Population: 202,837 students
- 6 public universities, main campus in Kuala Lumpur and Selangor (due to factors of geography, convenient for facilities access to target respondents)
- Sampling Technique: Disproportionate stratified random sampling
- Sample size - is 384 student (Krejcie & Morgan, 1970)
- Distributed: 1,920 | Received: 444 (23.1%) | Valid: 351 (18.28%)

RESEARCH METHODOLOGY

Population, Disproportionate Stratified Random Sampling, and Analysis of data treatment
(Deduction of missing data and outliers)

Public University	Population	Number of Questionnaires distributed Proportionate Sampling	Sample Received (Disproportionate Sampling)	After Omitting of Missing Data	After Assessment of outliers
UM	35,885	340	66	61	59
UPM	28,587	271	76	71	62
IIUM	29,254	277	96	91	65
UKM	30,844	292	58	53	49
UiTM	73,295	694	135	130	106
UPNM	4,972	47	13	10	10
	202,837	1,920	444	416	351

RESEARCH METHODOLOGY

MEASUREMENT OF THE CONSTRUCTS

Variables	No of Items	Cronbach Alpha Value	Sources
Brand Loyalty	5	0.923	Yoo et al. (2001)
Environmental Turbulence (Market & Technology)	8	0.887	Deniz, Palacio, Santana & Modulo (2003)
Overall Brand Equity	4	0.837	Yoo et al. (2001)

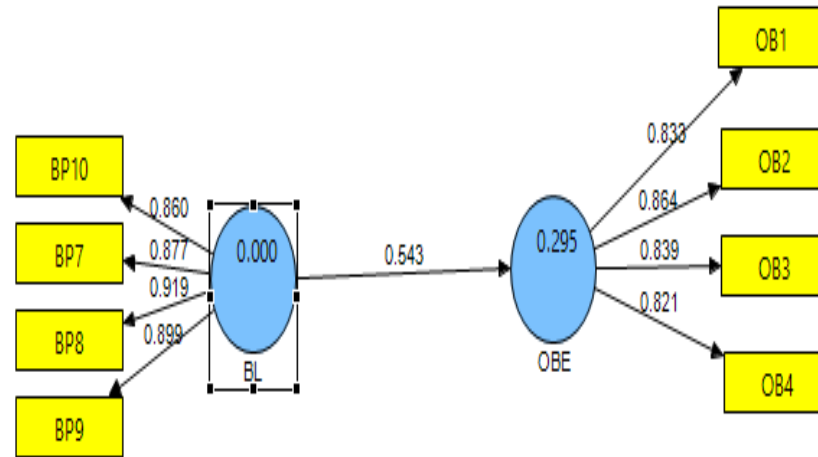
1 to 5 Likert scales, where 1 - strongly disagree, 2 - disagree, 3- uncertain, 4- agree and 5- strongly agree

ANALYSIS

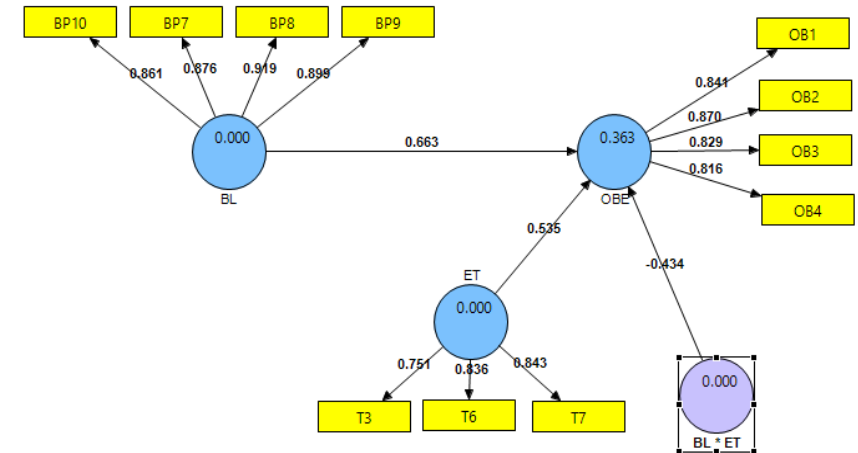
- Multiple regression analysis
- PLS-SEM algorithm to calculate the path model estimate
- This algorithm uses the empirical data for the indicators and iteratively determines the construct scores, the path coefficients, indicator loadings and weights, and the R² values.

RESULT

Hypothesis Model (H_1)



Re-Specified Model (H_2)



The result shows that brand loyalty influences overall brand equity (H_1 , $\beta = 0.295$) or 29.5%, and environmental turbulence moderates the relationship between brand loyalty and overall brand equity as the path coefficient value (H_2 , $\beta = 0.363$) or 36.3%.

RESULT

The effect Size (f^2) analysis was used to determine whether the moderating effect had a practical impact (Cohen, 1998) between the independent and dependent latent constructs. The formula calculating f^2 (Vinzi, 2010) the effect size of variable is as follows:

$$f^2 = \frac{R^2 \text{ included} - R^2 \text{ excluded}}{1 - R^2 \text{ included}}$$

$$f^2 = \frac{0.363 - 0.295}{1 - 0.363} = \frac{0.063}{0.637} = 0.107 \text{ (Small effect - Cohen, 1988)}$$

Note: f^2 size effect: (Large: 0.35, Medium: 0.15 and Small: 0.03)

According to the results, the moderating effect of Environmental Turbulence is 0.107, indicating a smaller effect on the relationship between brand loyalty and overall brand equity.

DISCUSSION

- Brand loyalty - predictor to the overall brand equity.
- Students' perceptions of HEIs - based on brand loyalty.
- Amegbe, Hanu, and Atunwey (2016) found this to be true in their research.
- Consumer perceptions and feelings about a product (service) and its performance are represented by the **true worth of a strong brand** is its ability to engender **customer loyalty**.



IMPLICATIONS

IMPLICATION	DESCRIPTION
THEORY	<ul style="list-style-type: none">• Give the research framework some empirical support.• Support and strengthen Yoo et al. (2001) argument that brand loyalty has a positive relationship with brand equity and would lead to an improvement in overall brand equity.
MANAGEMENT	<ul style="list-style-type: none">• HEIs should recognise the value of brand loyalty in building overall brand equity.• Policymakers can assist in educating HEI owners about the importance of marketing efforts in building brand loyalty and overall brand equity in generating higher enrolment.• Policymakers should create tools for overall brand equity when developing favourable policies for HEIs for long-term growth.

LIMITATIONS

- A cross-sectional sample of HEIs was used; there is a lag effect in some of the relationships.
- The sample of public HEIs limits the findings' generalizability in similar conditions.



RECOMMENDATION FOR FUTURE RESEARCH

- Give new insight into another potential mediator or moderator who has a connection to student enrollment.
- Should investigate the impact of other initiatives that can help build long-term brand equity.
- Subsequent studies could make use of data collection techniques that involve multiple respondents in individual private HEIs.



CONCLUSION

- The findings demonstrated a healthy and positive relationship between brand loyalty and overall brand equity.
- The findings confirmed that higher education institutions' management should prioritize branding efforts in order to maintain their competitiveness and relevancy.
- This study provides empirical evidence that can be used to guide the HEI industry's efforts to increase equity acceptance through branding.





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