CHAPTER TWO

LITERATURE REVIEW

This chapter talks about the concepts, past studies, and various literature related to service quality, student satisfaction and dimensions of service quality which would help to measure the service quality and student satisfaction in higher education.

2.1 Concept of Service Quality

2.1.1 Service

A service is the intangible equivalent of an economic good. Service provision is often economic activity where the buyer does not generally, except by exclusive contract, obtain exclusive ownership of the thing purchased (http://en.wikipedia.org/wiki/Service).

A contemporary definition provided by Kotler et al. (1996) “A service is an activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product”.

“Service is a critical driver of customer retention and profitable growth” (Query et al., 2007, p.152).

2.1.2 Quality

“Quality has no specific meaning unless related to a specific function and/or object. Quality is a perceptual, conditional and somewhat subjective attribute” (www.wikipedia.org/wiki/Quality_business).

According to Drucker (1985), “Quality in a product or service is not what the supplier puts in. It is what the customer gets out and is willing to pay for”.

A quality is a comparison between expectation and performance (Parasuraman et al., 1985). As per Crosby (1979), “Quality is conformance to requirements”.

2.1.3 Definition of Service Quality

The concept of service quality is linked to the concepts of perception and expectations. Service quality perceived by the customers is the result of comparing the expectations about the service they are going to receive and their perceptions of the company’s actions (Parasuraman et al., 1988; Gronroos, 1994).
Kasper et al. (1999) defined service quality as the extent to which the service, the service process and the service organization can satisfy the expectations of the user. Sasser et al. (1978), listed seven service attributes which they believe adequately embrace the concept of service quality.

These include:

- Security: confidence as well as physical safety;
- Consistency: receiving the same treatment for each transaction;
- Attitude: politeness;
- Completeness: the availability of ancillary services;
- Condition: of facilities;
- Availability: spatial and temporal customer access to services;
- Training: of service providers;

(Cited in Kitchroen, 2004)

There is a considerable debate about the best way to define service quality in higher education (Becket & Brookes, 2006). According to Cheng and Tam (1997, p.23) “Education quality is a rather vague and controversial concept”.

There are many ways to define quality in higher education; it depends on stakeholders’ commitment of quality and the overall culture of the university. Stakeholders include students, their parents, the local community, society, and the government (Harvey and Green, 1993). Service quality of the education is the exclusivity of experiences student engage in as part of their whole person development (Roland, 2008).

However, it is found “universities are increasingly finding themselves in environment that is conductive to understanding the role and importance of service quality” (Shank et al., 1995).

2.1.2 The Determinants and Measuring Instruments of Service Quality

2.1.2.1 SERVQUAL

Parasuraman et al. (1985) suggested SERVQUAL as a determinants and measuring instrument of service quality. It is considered as a good starting point for providing more detail to a description of service quality. They defined “determinants of service quality as a measure of how well the service level delivered matches customer expectations”. They designed SERVQUAL based on studies in America.
They described ten determinants of service quality as reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customers and tangibles.

1. Reliability: It is the ability to perform the promised service dependably and accurately.

2. Responsiveness: It is the willingness and/or readiness of employees to help customers and to provide prompt service, timeliness of service.

3. Competence: It is the possession of the required skills and knowledge to perform service.

4. Access: It is the ease of approachability and contact.

5. Courtesy: It refers to the politeness, respect, consideration, and friendliness shown to the customers by the contact personnel.

6. Communication: It is listening to the customers and informing them with language they understand.

7. Credibility: It includes trustworthiness, believability and honesty.

8. Security: It refers to the freedom from danger, risk, and doubt, which involves physical safety, financial security and confidentiality.

9. Understanding/ knowing the customer: This includes trying to understand the customer’s needs and specific requirements, providing individualized attention and recognizing regular customer.

10. Tangibles: It is the state of facilitating good, physical condition of the buildings and the environment, appearance of physical facilities, tools and equipment used to provide the service.

Later, Parasuraman et al. (1988) reduced the ten attributes to five attributes. The model of changed SERVQUAL was reliability, responsiveness, assurance, empathy and tangibles.

1. Reliability: It is the ability to perform the promised service dependably and accurately.

2. Responsiveness: It is the willingness and/or readiness of employees to help customers and to provide prompt service, timeliness of service.

3. Assurance: The knowledge and courtesy of employees and their ability to convey and confidence.

4. Empathy: The provision of caring, individualized attention to customers.

5. Tangibles: It is the state of facilitating good, physical condition of the buildings and the environment, appearance of physical facilities, tools and equipment used to provide the service. (Cited in Milne and McDonald, 1990)
Since the development of the SERVQUAL, it has received its share of criticism. The major criticisms of the instrument involve the length of the questionnaire, the validity of the five service quality dimension, and the predictive power of the instrument in regard to subsequent consumer purchase (Hoffman and Bateson, 2006).

Many authors have suggested that the dimension utilized by SERVQUAL lack generality (Carman, 1990; Mc Alexander et al., 1994; Iwaarden & Wiele, 2002), that administering expectation items are unnecessary (Carman, 1990; Babakus & Boller, 1992). Cronin and Taylor (1992) denied the framework of SERVQUAL and proposed a new service quality measuring model “SERVPERF” which measured only the performance excluding expectations. They claimed their model SERVPERF performed better than any other measure of service quality. Teas (1993) in his paper “expectation, performance evaluation and consumers’ perceptions of quality” has discussed the conceptual and operational difficulties of using the „expectations minus performance” approach with a particular emphasis on expectations. He developed two alternatives of service quality measures, as EP (evaluated performance) and Normed Quality (NQ). He indicated that the EP instrument, which measured the gap between perceived performance and the ideal standards rather than the customer’s expectations, outperformed both SERVQUAL and NQ (Citied in Firdaus, 2005).

2.1.2.2 HEdPERF

Firdaus (2005) in his paper “The development of HEdPERF: a new measuring instrument of service quality for the higher education sector”, has developed HEdPERF (Higher Education Performance), a new instrument of service quality that captures the authentic determinants of service quality within the higher education sector. He proposed a 41 item instrument which then was empirically tested for unidimensionality, reliability and validity using both exploratory and confirmatory factor analysis (CFA). He explained the results from his study to be crucial because the past studies which measured the service quality were not totally adequate to assess the perceived quality in higher education. Furthermore, previous research were found to be too narrow, with an over emphasis on the quality of academics and too little attention paid to the non-academic aspects of the educational experiences.

Firdaus developed HEdPERF model by comparing with SERVPERF (HEdPERF-SERVPERF) in order to access the relative advantages and disadvantages of each instrument, to identify the most superior instrument. SERVPERF is another service quality measuring instrument developed by Cronin & Taylor (1992). Cronin & Taylor criticized the framework of SERVQUAL and developed
their own model “SERVPERF”, consisting of 22 items, and kept only the perception of service quality.

Fridaus categorized 5 determinants of service quality in higher education. They are non-academic aspect, academic aspect, reputation, access and program issues.

1. **Non-academic aspects**: This aspect relates to the duties that are carried out by non-academic staff.

2. **Academic aspects**: It consists of the items that describe the factor that are solely the responsibilities of academics (instructor).

3. **Reputation**: The factor consists of the item that is important for higher learning institutions in projecting a professional image

4. **Access**: It includes issues as approachability, ease of contact, availability and convenience of academic and non-academic staffs.

5. **Program issues**: It includes the item related to program flexibility, offering wide range of programs/specialization, and quality program.

In study by Brochado (2009), he examined the performance of five alternative measures of service quality in the higher education sector- SERQUAL, Importance-Weighted SERVQUAL, SERVPERF, Importance-Weighted SERVPERF and HEdPERF. He collected the data by the means of a structured questionnaire containing perception items enhanced from the SERVPERF and HEdPERF scales and expectations items from the SERVQUAL scale, both modified to fit into the higher education sector. The data were gathered from a sample of 360 students in a Portuguese university in Lisbon. He found out the HEPERF to be the best measurement capability to measure higher education service quality.

### 2.2 Concept of Student Satisfaction

#### 2.2.1 Definition of Satisfaction

“Satisfaction is a consumer’s post purchase evaluation of the overall service experience (process and outcome). It is an affective (emotion) state of feeling reaction in which the consumer’s needs desires and expectations during the course of the service experiences have been met or exceeded” (Hunt, 1977).

“Satisfaction is a post choice evaluation judgment concerning a specific purchase decision, on the other way it can be approximated by the equation:

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\text{satisfaction} = \text{perception of performance} – \text{expectations}
\]

(Oliver & Richard, 1980, p.482).
“Satisfaction is a summary, affective and variable intensity response centered on specific aspects of acquisition and/or consumption and which takes place at the precise moment when the individual evaluates the objectives” (Giese and Cote, 2000, p.3). Zeithaml et al. (1990) defined satisfaction as an overall judgment, perception or attitude on the superiority of service. The judgment is based on the discrepancy between expectations and actual experiences of customer.

2.2.2 Definition of Student Satisfaction

A term “student satisfaction” can be explained many ways. Kaldenberg et al. (1998) discussed and found that in the college, student satisfaction was driven by evaluating the quality of coursework and other curriculum activities and other factors related to the university. Lecturers should treat students with sensitivity and sympathy, and assistance should be provided when necessary. Even simple listening is appreciated. Grossman (1999) discussed that student could be treated like a customer or a client within the college and in that case, the college serve the students on a better priority to fulfill their expectations and needs. Elliot and Healy (2001) proposed student satisfaction is a short-term attitude, derived from the evaluation of the received education service.

2.3 The Relationship of Service Quality (Independent) and Student Satisfaction (Dependent) In Higher Education

Previous studies of conventional retailing conducted by Cronin et al., (2000), Johnson and Fornell (1991) and Kirstensen et al. (1999) have pointed out that service quality positively influence customer satisfaction. Similarly, several studies done by Wang et al. (2004) in telecom industry in China, and Kim et al., (2004), Tung (2004), and Turel and Serenko (2006) in mobile services in South Korea, Singapore, and Canada supported that service quality positively influenced customer satisfaction (Cited in Kuo et al., 2009). There are several studies done in past which shows that various service quality of higher education leads to student satisfaction. Firdaus (2005) pointed out the non-academic aspects, academic aspects, program issues, access and reputation are determinants of service quality in higher education.
Afjal et al. (2009) reported Design, Delivery and Assessment, Academic facilities, Non-academic facilities, Recognition, Guidance, Student representation, Study opportunities and Group size are the eight dimensions that determine the service quality of the higher education.

Bitner & Zeithaml (1996) have discussed that the communication skills of teaching staff, the effective interaction between staff and students can help students achieve study objectives, leading to higher student satisfaction.

Kuh and Hu (2001) have claimed that effective interaction between student and faculty is a strong predictor of student satisfaction.

Kara and DeShields (2004) hypothesized that faculty performance, advising staff performance, and classes would influence students’ academic experience and which in turn would influence the student satisfaction.

Novarro et al. (2005) surveyed the Spanish University students and observed service quality variables to be teaching staff, teaching methods, and courses administration which the key factors to achieve student satisfaction with short-term, specific programs. They also illustrated that the teaching staff, enrolment, and course organization are the elements that impact student satisfaction with summer courses, and facilities being a potential determinant of student satisfaction.

Delaney (2005) reported that academic staff, academic experience, residential life, social life on campus, personal development opportunities, student service and resources were the service quality that lead towards the student satisfaction.

Mai (2005) did a survey on the student satisfaction in higher education and its influential factors. He found that the overall impression of the school, overall impression of the quality of the education, teacher expertise and their interest in their subject, the quality and accessibility of IT facilities and the prospects of the degree furthering students careers were the most influential predictors of the student careers were the most influential predictors of the student satisfaction.

Helgesen and Nesset (2007) suggest satisfaction to have positive relationship with student’s perception of the university’s reputation.

Brochado (2009) found that HEdPERF, distinguished non-academic aspects, academic aspects, program issues, access, and reputation in higher educational service, had high correlation with overall satisfaction, future visits and intention to recommend the university to a friend.
Huang (2009) also in his paper found HEdPERF service quality sub-variables like academic aspects, non-academic aspects, access superior to determine the student satisfaction of Xiamen University of China. (Cited in Huang, 2009, p.38)

2.4 Demographic Factors Related To This Study

Demographic factors consist of gender, age, ethnic group, tuition fee sponsors, terms and university category. Demographic characteristics are most often used as the basis for market segmentation and also affect the extent to which a person uses products in a specific product category (Pride and Ferrell, 1997).

In this research one of the demographic variables “tuition fee sponsor” was tested as a research question. It was developed on the basis of Hofstede (1997) as an outcome of one of the dimensions of cultural values. The dimension is individualism VS collectivism. According to Hofstede (1997), the members of the culture define themselves apart from their group membership. In individualist cultures, people are expected to develop and display their individual personalities and to choose their own affiliations. In collectivist cultures, people are defined and act mostly as a member of a long term group, such as the family, a religious group, an age cohort, a town, or a profession, among others (http://www.wikipedia.org).

The researcher assumes the student who pays their tuition fee themselves is more likely to fall into the category of individualist and the student who gets tuition fee paid is likely to fall into the category of collectivist.

Furrer et al., (2000) attempted to link Hofstede’s cultural dimensions with the SERVQUAL dimensions.

They found that in cultures with high degree of individualism, respondents reported wanting a higher level of service quality.

Donthu and Yoo (1998) examined the relationship of the SERVQUAL dimensions with Hofstede’s classification of culture in banking industry across four countries – U.S., Canada, UK, and India. They found that SERVQUAL dimensions varied considerably across cultures and related highly with Hofstede’s cultural dimensions.

They found that consumors of individualistic countries had high expectations.

According to Patterson & Johnson (1993), individualist form expectations of services and once they encounter the service, they evaluate the service performance, oftentimes against their expectations (Cited in Zhang et al., p.10).
In the review by Zhang et al. in their study “Cross-cultural Service Research: A Review of the Literature and Future Research Directions”, appeared that Hofstede’s cultural dimensions seemed to be the dominant framework for comparisons of customer expectations of services. A major conclusion they found was that culture with more individualism have higher service quality expectations.

2.5 Previous Studies

Many studies in the past were conducted about service quality, student satisfaction and higher education. Some of them are:

Firdaus (2005), in his paper “The development of HEdPERF: a new measuring instrument of service quality for higher education sector”, found HEdPERF (Higher Education Performance) to identify the authentic determinants of service quality in higher education institutions. He did his survey among the six higher learning institutions students. The survey was done on one private university, two public universities and three private colleges in Malaysia. He found five factors non-academic, academic, reputation, access, and program issues to be the determinants of service quality in higher education. The SERVPERF and HEdPERF scales were compared in terms of reliability and validity and concluded for the superiority of the new purposed measurement instrument.

Afjal et al. (2009), in their paper “On student perspective of quality in higher education” proposed eight dimensions of quality in higher education. The survey was done among the students of Pakistan about their perspective of higher education. The surveyed students who were pursuing higher education (MS, MPhil, Ph.d) in technology advanced countries. The link of online survey was sent to the target population, obtaining about 300 respondents. The eight dimensions of quality they proposed are Design, Delivery and Assessment, Academic facilities, Non-academic facilities, Recognition, Guidance, Student representation, Study opportunities and Group size. According to the survey they found the Design, Delivery and Assessment, Academic facilities, recognition to be most important dimensions from student perspectives.

Qi Huang (2009) conducted a study on “The relationship between service quality and student satisfaction in higher education sector: a case study of undergraduate sector of Xiamen University of China”. The research studied the undergraduate student satisfaction in service quality of Xiamen University, which was the first university in china founded by an overseas Chinese. The service quality sub variables used in the research was the combination of variables developed by Firdaus (2005), Angell, Heffernen and Megicks (2008) and Navarro, Iglesias and Torres (2005). The data was
collected through questionnaires. A 7 point Likert Scale was used to record the responses with 1 (strongly disagree) to 7 (strongly agree). The SPSS program was applied in analyzing the data. The study showed that the undergraduate student of Xiamen University of China was satisfied with the quality service provided by the university. The main sub-variable for the student satisfaction was the academic aspects followed by non-academic aspects, cost, access, teaching methods, industry links, program issues and reputation. The study showed that academic aspect to be most important for the student satisfaction in Xiamen University of China.

According to the results of this analysis, it showed positive correlation between the overall service quality and student satisfaction, which is consistent with the findings of Anderson and Sullivan (1993), that satisfaction is a function of perceived service quality. The better the service quality, the higher will be satisfaction of the students.

This research was based on the past studies of Firdaus (2005), Afjal et al. (2009) and Qi Huang (2009). Qi Huang (2009) conducted the survey using the model developed by Firdaus (2005), Angell, Heffernen and Megicks (2008) and Navarro, Iglesias and Torres (2005). The study showed the academic aspects, non-academic aspects, access to be most important for student satisfaction in Xiamen University of China. As those three variables were of HEdPERF and was developed by Firdaus (2005), HEdPERF model was adopted to conduct this research. The additional variables were taken from the research conducted by Afjal et al., (2009). In their paper they found design, delivery and assessment, academic factors and recognition to be the important factors. But design, delivery and assessment and group size were adopted and the other variables like academic factors were overlapped with academic aspects and recognition with reputation of HEdPERF model. As the research is about the graduate student satisfaction, group size was also thought to be important factor influencing satisfaction.