SERVICE QUALITY, STUDENT SATISFACTION AND BRANDING FOR BUSINESS SCHOOLS

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ABSTRACT

MBA is the course of elites. The “elitist” character of management education has been counteracted by the effective role played by the universities in India by spreading management education from classes to masses. This is evident from almost a mushroom growth of management courses in the universities as well as by several autonomous bodies (private institutions). Thus growth in numbers has predictably resulted in a wide divergence in the quality of education provided by schools. This quantitative expansion without adequate preparation and even the basic infrastructure has adversely affected the quality of management education. Hence there is an urgent need for developing a monitoring system for management education. To control the quality degradation in management education there should be a regular feedback from those who received management education as well as by the users of the product. A continuous dialogue with the users in public and private undertakings as well as in the academic field would serve the purpose of having a rapport with the users. The pressure to provide better student services has never been greater. Students have become more and more aware of their requirements and demand higher standards of services. Their (Quality Gap) are continually evolving making it difficult for the service providers to measure and manage services effectively. The key lies in improving the services selectively, paying attention to more critical service dimensions as a part of service management. Students are very sensitive to various service dimensions. Now, the challenge to reduce dissatisfaction among the students is equally strong.

Key Words: Management Education, Perceptions and Expectations, Quality Gap.

INTRODUCTION

The new generation in search for professional career has begun to aspire for MBA education which is a new status symbol. Now the management education has become “Mass Education” rather than “Class Education”. B-schools are emerging in like the beauty shops in every market corner. The quick expansion in B-schools has adversely affected the quality of management education. This quantitative expansion in B-schools without improving the quality standards of education, course curriculum, and industry interaction has led to low levels of student satisfaction. The question uppermost in the minds of professional education administrators is how to control this degradation in
quality of management education. This study is an attempt to investigate the prioritization of dimensions of service quality and the effects of service quality on user satisfaction as well institution reputation.

LITERATURE REVIEW

The service products are intangible, inseparable, heterogeneous and perishable (Zeithaml et al., 1985). Services are described as deeds, performances, efforts and process (Rathmell, 1966). The production and consumption of service is inseparable (Carman and Langeard, 1980). Inseparability reflects the simultaneous delivery and consumption of services (Zeithaml et al., 1985). Services cannot be stored (Rathmell, 1966). Based on the definition of services and its characteristics, higher education is intangible, inseparable, heterogeneous and perishable (Cuthert, 1996).

Educational Quality Defined

Cheng (1997) has stated that education quality is the character of the set of elements in the input-process-output of the education systems and provides services that completely satisfy both the internal and external strategic constituencies by meeting their explicit and implicit expectations. In addition, Harvey and Green (1993) stated quality in terms of excellence, perfection, fitness for purpose, value for money and value-added activities.

GAPS Model

In the area of business management quality of services has been studied because the market is competitive and marketing management has transferred its focus from internal performance such as production, to external interests such as satisfaction and customers’ perception of service quality has changed. Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus (Wisniewski, 2001).

“GAP Model” (Parasuraman, Zeithaml and Berry, 1985) of perceived service quality, which has defined service quality as the gap between consumers’ expectations and their perceptions of how the service is performed. This model has five gaps, Gap 1: Consumer Expectation, Gap 2: Management Perception, Gap 3: Service Quality specifications, Gap 4: Service Delivery and Gap 5: Expected Service Gap. The fifth gap (Gap 5) is a result of the other four gaps.

Berry, Parasuraman and Zeithaml (1985) developed a popular disconfirmation model for measuring service quality used on perceptions of customers of service quality compared to their expectations. From their qualitative research, a model was developed for evaluating service quality, known as SERVQUAL. Servqual has five determinants with 22
statements, which are used by customers in judging service quality, namely (RATER). R stands for reliability; this measures the ability to perform the promised service dependably and accurately. A stands for assurance; measures the knowledge and courtesy of employees and their ability to convey trust and confidence. T known for tangibility; it measures the appearance of physical facilities, equipment, personnel, and communication materials. E is empathy; that talks to measures the caring, individual attention that the firm provides to its customers. And the last R is nothing but the responsiveness: willingness to help customers and provide prompt services. These five distinct dimensions are represented in the 22-item SERVQUAL scale.

SERVQUAL scale has been used in various industries to measure service quality viz-a-viz professional services (Freeman and Dart 1993), health care industry (Lam, 1997), tourism industry (Tribe and Snaith, 1988), business schools (Pariseau and Mc Daniel, 1997) and information systems (Kettinger and Lee, 1994). In spite of the fact that some of the studies failed to support the five-dimensional factor structures, Parasuraman et. al. (1994) defended the five factor structure of service quality on conceptual and practical grounds. It has also been widely tested for its validity and reliability (Babakus and Boller, 1992; Cronin and Taylor, 1992).

RESEARCH METHODOLOGY

Research Question

Improvement in service quality is the demand of the day. Therefore B-schools, to compete in today’s competitive world have to upgrade their service quality and offer added advantages to serve its students. By neglecting the demands of its students, B-schools will not only damage its brand image but will also lose its customers (students). Revenue of majority of B-schools is related to the enrollment of students and this will affect the financial conditions of the institution, which is directly linked with improvement of quality standards. “Presumably, if quality programs were initiated based on marketing research – that is, the changes were market driven and customer oriented, the quality improvements should lead to customer satisfaction”.

This study is an attempt to investigate the prioritization of the dimensions of service quality and to assess the satisfaction level of students on various dimensions which affect loyalty viz-a-viz brand.

RQ1: To understand and prioritize the dimensions of service quality as valued by students.

RQ2: To assess satisfaction level of students on various dimensions of service quality.
The result from the study can be used to give valuable information on the elements and the dimensions, which have been given a priority by students in assessing the quality of services and satisfaction. The information can be used by the management of B-schools to adopt effective service quality strategy. Based on the review of literature and objectives of the study, hypotheses were framed to evaluate the dimensions of service quality as perceived by students. One way Analysis of Variance and t-test were used for testing the hypotheses. The hypotheses were tested at significance level less than 0.05.

Hypotheses related to prioritizing the dimensions of service quality as valued by students.

H01: Significant differences do not exist in the mean scores of the gap between students’ perceived and expected service quality vis-à-vis Tangibility and Reliability

H02: Significant differences do not exist in the mean scores of the gap between students’ perceived and expected service quality vis-à-vis Tangibility and Empathy

H03: Significant differences do not exist in the mean scores of the gap between students’ perceived and expected service quality vis-à-vis Tangibility and Responsiveness

H04: Significant differences do not exist in the mean scores of the gap between students’ perceived and expected service quality vis-à-vis Tangibility and Assurance

H05: Significant differences do not exist in the mean scores of the gap between students’ perceived and expected service quality vis-à-vis Reliability and Empathy

H06: Significant differences do not exist in the mean scores of the gap between students’ perceived and expected service quality vis-à-vis Reliability and Responsiveness

H07: Significant differences do not exist in the mean scores of the gap between students’ perceived and expected service quality vis-à-vis Reliability and Assurance

H08: Significant differences do not exist in the mean scores of the gap between students’ perceived and expected service quality vis-à-vis Empathy and Responsiveness

H09: Significant differences do not exist in the mean scores of the gap between students’ perceived and expected service quality vis-à-vis Empathy and Assurance
H_{010}: Significant differences do not exist in the mean scores of the gap between students’ perceived and expected service quality vis-à-vis Responsiveness and Assurance.

The survey method was used for collecting data on all the dimensions of service quality. A number of factors which include sampling, type of population, question form, question content, response rate, costs, and duration of data collection were decided before the survey was conducted (Aaker, Kumar and Day, 2002).

**Measurement Scale:** This study was aimed at measuring the customer perceptions towards the education service quality, multiple-item scales were deemed appropriate as they are frequently used in marketing research to measure attitudes (Parasuraman et al., 1991). The use of a multi-item scale ensured that the overall scores, which were a composite of several observed scores, were a reliable reflection of the underlying true scores (Hayes, 1998). Nominal and interval scales were used in this research study. Nominal scales were used for identification purposes and interval scales were used for measuring the subjective characteristics of respondents.

**Response Format:** Two types of response format were chosen: dichotomous close-ended and labeled scales. To collect information pertaining to respondents’ demographics, a dichotomous close-ended question format was used and to obtain respondent’s perception towards education service quality, labeled scale response format was used. In relation to the number of scale points, many researchers acknowledge that opinions can be captured best with five to seven point scales (Aaker et al., 2002; Malhotra, 2007). Hence a seven-point Likert type scale was used in this research.

**Population** - The target population of this study was defined as the regular MBA students of AICTE approved B-Schools situated in U. P. **Sampling Frame** - Random sampling method was used to identify B-schools for the study. **Sampling Method** - The stratified random sampling process was adopted for identifying the respondents for this research. As and when there is diversity within the population the stratified random sampling technique is usually used (Baines and Chansarkar, 2002). **Sample Size** - It was decided to target One Hundred Fifty respondents from AICTE approved B-schools located in Uttar Pradesh. **Assessment, Refinement and Validation of Measurement Scales:** Prior to carrying out further analysis, the multi-item scales developed for the study have to be evaluated for their reliability, unidimensionality, and validity (Anderson and Gerbing, 1988). **Data Analysis** - The data analysis technique employed in this research study was Structural Equation Modeling (SEM).
Exploratory and Confirmatory Factor Analysis: To assess and refine the measurement scales in terms of unidimensionality, reliability and validity, Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were performed.

Summary of EFA and CFA for Scale Assessment and Validation

<table>
<thead>
<tr>
<th>Phase</th>
<th>Step</th>
<th>Factor Analysis</th>
<th>Type of Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary Assessment</td>
<td>1</td>
<td>EFA for individual scale</td>
<td>Unidimensionality, Reliability (Cronbach’s Alpha)</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>EFA for all scales together</td>
<td>Convergent Validity, Discriminant Validity</td>
</tr>
<tr>
<td>Confirmation</td>
<td>3</td>
<td>CFA for individual scale</td>
<td>Unidimensionality, Convergent Validity, Composite Reliability</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>CFA for selected pairs of scales</td>
<td>Discriminant Validity</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>CFA for all scales together</td>
<td>Overall Measurement Model</td>
</tr>
</tbody>
</table>

Source: Adapted from Hau, L N (2005).

Data Analysis Strategy: Descriptive analysis gives a meaning to data through frequency distribution, mean, and standard deviation, which are useful to identify differences among groups. Inferential statistics used for this research were Correlations, Structural Equation Modeling (SEM), t-test and Analysis of Variance (ANOVA).

Hypothesized Research Model

The hypothesized research model for the present study was based on the expectation disconfirmation theory and the SERVQUAL instrument. The measurement model consists of five (indicators) to measure expectation disconfirmation and overall perceived performance. The most widely used customer perceived service quality model is SERVQUAL model. Thus, the five formative latent constructs (Tangibility, Reliability, Responsiveness, Assurance and Empathy) were based on the five dimensions of the SERVQUAL instrument. The structural mode, consisting of seven constructs, as shown in Exhibit 1.1 was used for model testing. SEM was applied to measure the relationship between the independent variables and dependent variables simultaneously.

LIMITATIONS OF THE STUDY

a) It was observed that there was an apparent reluctance by AICTE approved B-schools in general to participate in academic research.

b) There was lack of extensive prior research in this field, particularly in the context of Indian Management Education Industry.

c) This study was restricted to specific region in India. The required data were mainly obtained from AICTE approved B-school students in U.P.

d) Regardless of the attention and effort, the identified variables may have been influence by the interests and knowledge limitations of the students and this may not be considered to be exhaustive.
**FINDINGS**

Students perceive Tangibility, followed by Assurance, Responsiveness, Reliability and lastly Empathy to be having direct impact on Satisfaction. Tangibility builds satisfaction, though its impact on loyalty is low. However Assurance followed by Reliability, Responsiveness and Empathy affect Loyalty to a greater extent. GAP in case of Reliability, Responsiveness, Empathy, Assurance and Tangibility (respectively) not only affects satisfaction but also the loyalty.

As the parameter estimates in table 1.1 show as per the expectations, satisfaction was having high impact on loyalty. Original model also showed the positive impact of satisfaction and loyalty. The low value of standard error in case of loyalty in modified model indicates that the parameter can be reasonably determined by the data in hand (Diamantopoulos et al., 2000).

<table>
<thead>
<tr>
<th>Structural Path Relation</th>
<th>Perception</th>
<th>GAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction - Tangibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Un-standardized Estimate</td>
<td>Std. Error</td>
<td>t-Value</td>
</tr>
<tr>
<td>0.283</td>
<td>0.086</td>
<td>3.291</td>
</tr>
</tbody>
</table>
### Table 1.2: Service Quality in AICTE approve B-Schools – Results of t-test

<table>
<thead>
<tr>
<th>Null Hyp.</th>
<th>Hypothesis</th>
<th>NAAC Accredited Category</th>
<th>Descriptive</th>
<th>t-Test</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>N</td>
<td>Mean</td>
<td>Std. Dev.</td>
</tr>
<tr>
<td>H₀₁</td>
<td>No difference in gap between students’ perceived and expected service quality vis-à-vis Tangibility and Reliability in one category of B-schools</td>
<td>A</td>
<td>221</td>
<td>7.774</td>
<td>7.693</td>
</tr>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>190</td>
<td>7.172</td>
<td>10.783</td>
</tr>
<tr>
<td>H₀₂</td>
<td>No difference in gap between students’ perceived and expected service quality vis-à-vis Tangibility and Empathy in one category of B-schools</td>
<td>A</td>
<td>221</td>
<td>8.271</td>
<td>6.084</td>
</tr>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>190</td>
<td>8.561</td>
<td>7.342</td>
</tr>
<tr>
<td>H₀₃</td>
<td>No difference in gap between students’ perceived and expected service quality vis-à-vis Tangibility and Responsiveness in one category of B-schools</td>
<td>A</td>
<td>221</td>
<td>8.905</td>
<td>6.501</td>
</tr>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>190</td>
<td>7.341</td>
<td>6.121</td>
</tr>
<tr>
<td>H₀₄</td>
<td>No difference gap between students’ perceived and expected service quality vis-à-vis Tangibility and Assurance in one category of B-schools</td>
<td>A</td>
<td>221</td>
<td>5.876</td>
<td>5.648</td>
</tr>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>190</td>
<td>6.473</td>
<td>8.347</td>
</tr>
</tbody>
</table>
CONCLUSIONS

Service Quality Dimensions as Valued by Students

Students had ranked the importance level across the five dimensions on the basis of their expectations. Reliability dimension was regarded as the most important followed by Responsiveness, Empathy, Assurance and Tangibility respectively. Some of the most expected aspect of services were “assure campus placement” (Assurance), “problems due to critical incidents” (Reliability), “special need students” (Reliability), “understand specific needs of students” (Empathy), “material associated with the education service” (Tangibility), “keep error free records” (Reliability), “always willing to help students”
Student Satisfaction on Various Dimensions of Service Quality

It is not surprising that students understood the concept of quality with regards to higher education in different ways. The relationship between independent and dependent variables, as assessed by Structural Equation Modeling (SEM), shows that there was a significant and positive relationship between service quality dimensions, overall satisfaction and loyalty of students towards the institute which builds the brand. Tangibility followed by Assurance, Responsiveness, Reliability and Empathy dimensions of service quality as perceived by students having direct impact on Satisfaction. On the other side the gap in service quality as observed by the students on the dimensions as Reliability, Responsiveness, Empathy, Assurance and Tangibility respectively affects students’ satisfaction to a greater extent.

The five dimensional factors also build loyalty. The services as received by the students explore the direct relationship between the service quality dimensions and loyalty. Assurance being the number one factor in building Loyalty followed by Reliability, Responsiveness, Empathy and Tangibility. A slight gap in the service quality delivered affects Loyalty. The most affecting dimensions in building Loyalty are Reliability, Responsiveness, Empathy, Assurance and Tangibility in the same order. The parameter estimates and original model showed a positive impact of Satisfaction on Loyalty.

Hence the research concludes that the five SERVQUAL dimensional factors having positive relationship not only with satisfaction of students but also build Loyalty among the students towards the institute. Satisfaction due to services received by the students build the Loyalty. Satisfaction also affects the overall perception that institute satisfy students’ need and affects the Gap between overall perception and expectation that institute satisfy student’s needs. Whereas Loyalty built, influences the students to recommend the institute to their friends and other students.

This study looked at service marketing and higher education and investigated student expectations and student satisfaction at AICTE approved B-schools. The results of the survey supported previous research by Parasuraman, Zeithaml., Berry (1988, 1991, 1994 and 1996). This research compared qualitative research and quantitative research and posits that the expectations of students could be classified into five factors. For service quality, the study pointed to several components those B-schools needs to improve, which are physical facilities, resolving problems for students, providing prompt service and understanding students’ specific needs. This research indicates the students’ expectations are generally met; they are generally satisfied with the service provided by the different AICTE approved B-schools. There are significant relationships between gap score; overall service quality; satisfaction and loyalty. Meanwhile, service quality and
overall satisfaction can be predictably improved by decreasing gap scores to some extents. The research findings have provided several implications for B-schools business development managers, leaders of marketing decision-making processes and accrediting agencies. The study offers useful information to B-schools to better understand students’ expectations and improve satisfaction and builds students loyalty.

This study has made an attempt to explore the relationship between expected and perceived performance relating to the importance of service quality in B-school. Findings of the study provide an insight into decision making patterns of B-school aspirants with regard to various facets of service delivered. The present study focused on student’s (perspective) in the process phase of their study when they actually received the services provided by different B-schools. The findings exemplify that mere focus on perceived service quality is insufficient to develop long-term loyalty. Mediating effect of customer satisfaction also needs to be looked into. Thus service managers should ensure that the performance on all components of delivered service is perceived as excellent by students and also sustain high levels of satisfaction.

In order to meet the objectives of the services delivered, service staff must be well trained for keeping good relationship with students and for addressing students’ enquiries. As suggested from the measure of perceived service quality, besides the quality of interactions between service staff and students, physical outcomes are also important and need to be well managed.

Discussion

In this final section of the study, discussion on the important findings of the study is reviewed in terms of its significance and support by other researchers. This study attempted to examine the relationship between service quality dimensions (Reliability, Assurance, Tangibility, Empathy and Responsiveness) and student satisfaction and to examine critical factors in service quality that contributes the most to satisfaction.

The research question indicates five service quality dimensions (Reliability, Assurance, Tangibility, Empathy and Responsiveness) and over all service quality has strong relationship with student satisfaction. The result is consistent with the findings by Athiyaman (1997). It is found that, although the dimensions in service quality are important but Reliability is found to be one of important factory. Consistent with what has been depicted by Soutar and Mc Niel (1996) in their research, stating that although all dimensions in service quality are actually useful that does not mean that all dimensions are significant. It is found that Reliability is one of the dimensions followed by Responsiveness, Empathy, Assurance and Tangibility respectively are significantly related with Satisfaction and Loyalty, meaning that student in higher education sector are actually concerned with reliability issues first to inspire trust and confidence.
Directions for Future Research

Based on the study, the following directions for future research may be pointed out:

- The model proposed in the present research needs to be further tested utilizing more variables and a large sample. Future research efforts need to focus on additional decisional variables pertaining to prediction of service quality.

- Future researchers can expand the scope of study to include smaller cities for data collection and study the difference in GAP between perception and expectation with respect to service quality of metro respondents and smaller city respondents.

- Further research might prove valuable in confirming the full impact of gender, semester of study, and age on service expectations and perceptions. Extension studied need to be carried out to unravel the relationship of demographic variables with service expectations and perceptions.

- Future researches are needed to determine the parameters of the students’ ‘zone of tolerance’. This is important for service provider to gradually improve the quality and allocate resource accordingly.

- This study has concentrated on the student’s perception of service quality. Future research should focus on the perception of service quality form other stakeholders (such as internal customer, government, industries, etc.).

REFERENCES


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