

Chapter 2

2. LITERATURE REVIEW

2.1. INTRODUCTION

Behind every successful man is a woman and behind every successful organization is a customer-oriented business culture. Being customer oriented allows the firms to acquire and execute marketing strategies that result in more favorable customer outcome. In order to be successful, the first thing we need to understand is the customer and their expectation.

Section 2.2 will lead us into the world of customer service and its importance and benefits it brings to enterprises that pay attention to its customers' needs. We also look at the findings of past market research on business that fail to understand its customers and the consequences of it.

In section 2.3, we look into the theoretical review of service quality and the two different schools of thoughts on a famous measure of service quality. There was also an explanation on the stand we chose not to attempt to measure expectation in our study. Variables used to measure service quality were discussed next in section 2.4. Areas that are present opportunities to

explore further on its impact on customers' perception of service quality are also presented here.

Lastly, Section 2.5 shares the findings from previous research studies and some of the variables that have been found to be major contribution for customers' perception of service quality. These variables serve as a guide to see if the similar variables were discovered in our research.

2.2. IMPORTANT OF CONDUCTING CUSTOMER SERVICE

Berry et al. (1985) saw consumers as being the sole judge of service quality. Perhaps the nature of service quality is perfectly summarized by Tan (1986) as being like beauty in the eye of the beholder; in other words, it has different meaning for different people. Our view on the customer service is related very closely with service quality. Consumers assess service service through service quality. If the consumer's expectations are met, customer service is perceived to be satisfactory. If they are exceeded, it is perceived to be more than satisfactory and if they are not met, it is perceived to be less than satisfactory (Berry et al., 1985). Therefore, throughout our study, we may interchange the word customer service with service quality frequently. The issue of what constitutes a quality service within higher education is a sensitive one. It is important for institutions to look at what their students needs and wants and not to collect data based upon what the institution

perceives its students find important (Oldfield and Baron, 2000). Oldfield and Baron also mentioned that HMSO (1994) produced a document suggesting ways in which public sector organizations could improve service to their users. Users are not only students within higher education but also the contact (frontline) staff. Lovelock (1994) advocated finding out what consumers feel is important, as often this is different from what an organization may perceive.

Apart from that, past market research has shown that customers dissatisfied with a service will divulge their experiences to more than three other people (Horovitz, 1990). Poor service will reduce the potential customer base. According to the Technical Assistance Research Project (TARP), it costs about four times more to attract new customers. Their research indicates that six times more people heard about a negative customer service experience than heard about the positive one. Positive word of mouth can be a very powerful tool for attracting new customers. Negative word of mouth can have a devastating impact on the credibility and effectiveness of organizations' efforts to attract new customers. In addition, customers' service expectations are constantly rising, while their tolerance for poor service is declining (Smith and Lewis, 1989).

2.3. THEORETICAL BACKGROUND

Perceived quality is said to be derived from the consumers' overall evaluation of a service experience. In some previous studies, quality is said to be distinguished from satisfaction since quality is a general attitude whereas satisfaction is linked to specific transactions. However, in our study we will be taking the approach of these two concepts, quality and satisfaction to be probably related. It is a matter of opinion and not factual that satisfaction with a series of transactions leads to perceptions of good quality.

In study concerning service quality, researchers studying customer service have used work on SERVQUAL, a useful measure of customer satisfaction widely. It is a model developed by Parasuraman et al., that used five dimensions of service quality, which have been found to transcend industry boundaries. The model is known as SERVQUAL, has proved to be a useful tool for understanding notion of service quality as defined by the customer. Among the suggested service quality dimensions are:

- a) Tangibles (physical facilities, equipment, appearance of personnel)
- b) Reliability (ability to perform the promised service dependably and accurately)
- c) Responsiveness (willingness to help and provide prompt service)

- d) Assurance (knowledge and courtesy of employees and their ability to inspire confidence)
- e) Empathy (caring, individualized attention the firm provides its customers)

However, the proponents of the alternative model of service quality used in the development of SERVPERF (e.g. Cronin and Taylor, 1992) believe that this difference formulation is fundamentally flawed and that service quality should be defined simply in terms of perception (Aldridge and Rowley, 1998).

Applications of SERVQUAL in higher education have, to date, met with little success. Buttle (1996) argues that the criticisms associated with theoretical issues and those associated with operational issues. A common theoretical complaint is that the service dimensions hypothesized does not regularly emerge from the factor analysis and that different researchers have generated different sets of dimensions. On the operational side, the need to ask the same question twice is a common cause of criticism. Taking these matters into account, the questionnaire used in the student satisfaction survey by Aldridge and Rowley asked only for perceptions and did not seek to collect any data with respect to expectations. For the purpose of this study, the variables of interest will not include expectations.

Also, despite the importance of perceived service value as a major form of customers' assessment of services, the services marketing literature reveals that there has been limited work undertaken on understanding the precise nature of the construct and its impact on customer behaviour (Holbrook, 1994). Understanding how customers evaluate value during their service consumption experience remains a key issue facing the academy, and empirical work on the identification of the cues that signal value appears warranted (Sheth et al., 1991). A case in point is business schools, which are faced with a major funding crisis, rising tuition fees, and criticism directed at curricula, teaching methods, and academic research (Cannon and Jagdish, 1994). Given this situation, administrators and faculty alike are attempting to revise operating procedures and review teaching methods in an effort to deliver services that promise to add value to students and industry.

Anderson (1995) expressed the same opinion by noting the most important outcome of her research in measuring service quality at a university health clinic is the linking of student perceptions of service quality to resource allocation decisions. Specifically, she said that the results of her study indicate the areas in which the University of Houston Health Center must allocate more funds to improve performance, as well as areas in which additional investments is necessary, and perhaps even counter-productive.

2.4. MEASURING SERVICE QUALITY

There are many different measuring methods of service quality that have been developed – some more complex than others. Some consider quality from the customers' perspective whereas others take a management perspective (Lewis, 1993). Among them are SERVQUAL, customer surveys, customer interviews, internal audits and customer value workshops. However, customer surveys have been used by most enterprises to measure service quality (Babbar, 1992). These surveys can be conducted by brief questionnaire, telephone or mail. Of these, mail survey is still the best method. It can contain more questions and can thus enable more information to be obtained. Different situations in different dimensions of quality attributes can be explored to obtain a better understanding of needs to be improved (Yang, 2003). So what are the criteria used to measure customer experience that later will help in determining a satisfied customer? Tucker (1991) offers a list of useful criteria, which contribute to customer experience in which he asserts that businesses must out-perform their competitors in order to achieve competitive advantage. Among those criteria are speed of service delivery, convenience, age, choice, lifestyle, discounting, value adding, customer service, technology and quality.

Lovelock (1994) advocated finding out what consumers feel is important, as often this is different from what an organization may perceive.

He believed that service quality is made up of three significant dimensions; service processes interpersonal factors and physical evidence. Palmer (1994) in *Principles of Service Marketing* wrote that employees might be the only way a service provider can differentiate itself in terms of politeness, knowledge and helpfulness compared to employees delivering competitive services.

Zeithaml et al. (1990) also identify some factors, which can influence the consumer's perception of service performance. These include tangibles such as the food eaten in a restaurant, the physical surroundings in which the service transaction takes place, the equipment involved and so on. The perceived competence and credibility of service providers, and their responsiveness, reliability and courtesy.

LeBlanc and Nguyen (1999) wrote an article that investigates differences in students' assessments of service value based on gender and study level. Gender was found to have impact on value perceptions where female students give less importance to social value. The results show that as female students progress in their area of specialization, they tend to believe that the price/quality relationship deteriorates at the business school. In an article on Customer Orientation, Brady and Cronin (2001) mentioned that individual differences also appear to be a worthy area for further study. These

variables include age, gender, income, ethnic status or education, customers' level of related experience such as speed of service in the store/branch, time taken to answer the telephone, prompt service, willingness of staff to help with problems or queries and so on.

Additionally, it has been suggested that frontline employees can influence the degree of satisfaction that a customer experiences (Bateson, 1979; Berry et al., 1985; Britner, 1990; Gronroos, 1978). Higher education can be termed a "pure" service as distinguished by the degree of "person-to-person" interaction (Solomon et al., 1985). In such settings, customer satisfaction is often established through the quality of personal contacts. In education, the interaction between students and their influence on each other is powerful determinant of overall satisfaction. Interaction between customer and service organization lies at the heart of service is of key importance both to the customer they serve and the employer they represent. To the customer, the employee epitomizes the service (Booms and Nyquist, 1981). The employee's ability and willingness to satisfy and his/her manner and appearance, all play a part in determining how satisfied the customer is with the service encounter. In many ways, employees may be the only way a service provider can differentiate itself (Palmer, 1994); for example, in terms of politeness, knowledge and helpfulness compared to employees delivering competitive services.

These above variables will be used as a guide for us to evaluate its association as an important determinant of service quality in our data analysis at the later stage.

2.5. FINDINGS FROM PREVIOUS RESEARCH STUDIES

Although opinion surveys constitute one important approach to measure effective communication, not many opinion surveys are being done on student opinion for student affairs department. Baidek et al. (1999) found that relatively few colleges and universities engaged in student opinion research with or without the involvement of student affairs departments. They deduced that perhaps it is because college or university administrators are confident that they possess, through years of practical experience, all the answers to their student-based problems, the most compelling of which today is the much sought after for improved retention. Baidek et al. (1999) attributed their reluctance to associate the experience of problem solving in higher education with that of the corporate sector and student affairs administrators and their academic colleagues viewed this research as an inappropriate activity for them to do as student affairs professionals. Not all academic professionals viewed the opinion surveys on students as such.

Baidek et al. (1999) found at Northeastern University, the executive vice president John A. Curry who later became the university's fifth president

strongly endorsed opinion survey to understand the student perspective about the institutional challenges of attrition and retention. During his leadership, the university had embarked into more than 8-year collaboration in student opinion research at Northeastern. In one of the study to identify factors of the Northeastern University undergraduate experience that pleased students and encouraged their persistence to graduation helped to eliminate sources of dissatisfaction to improve students' general satisfaction and enhance retention. Towards the late 1988 to 1991, TeleTalk, a telephone based survey was used to augment student opinion survey in the Department of Student Affairs for 2 years. Among the focus of the study were matters influencing campus life, for instance commuter students, cooperative education and rape on campus. Baidek et al. (1990) ended their concept paper by stressing again and again that student opinion survey is definitely a good idea, both for the universities adopting it and for the students whose satisfaction sustains their universities.

This is agreed upon by Moxley (1999) who wrote that student affairs goals, objectives and action strategies are clearly linked to the university and Department's missions. These in turn are shaped by information obtained about student needs, goals and characteristics. She further explained that evaluation data collection resulted in findings that could be applied to define the next series of goals, objectives and strategies. Most definitely, she added these findings are used to redefine goals, objectives and strategies that in turn

will increase the effectiveness of the Department's programmes, services, policies, procedures and personnel. Moxley (1999) gave an example of a student survey conducted in the early 1980s in University of Texas at Arlington on a wide range of specialized evaluations to address specific issues. Among the findings are there are differences in user and nonuser perspectives for the financial aid office and Student Health Services were interested in the evening students' view of their operating hours. Evaluation results have guided staff development programmes and had prompted the introduction, modification and demise of programmes. However, Moxley (1999) added that not all staff members in the Student Affairs Department are eager to be evaluated, and some may keep the findings hidden in their bottom drawers. Some executive officers disregard the student affairs information. Fortunately, the studies received more support than resistance as most student affairs directors and staff members and certainly the vice president, eagerly await the research and evaluation results and study them intently to identify ways that the programmes and services can be improved.

Murphy et al. (1997) gave us a closer view on college residence halls survey. The research of two-year follow-up study on student perceptions of resident assistants, fellow residents and residence hall living conducted on a small campus environment in a residence life setting. The result of the findings found that overall about 80 percent of 714 students interviewed liked

living in the residence hall. The lowest perception rating is scored in the area of planned social activities as a valuable part of residence hall living. They found that many areas of campus life, including relationships, psychological and emotional health and satisfaction with on-campus housing were rated high by students. Astin (1975) researched factors, which brought higher attrition rates in higher education and found that student involvement in college activities and campus social integration improved student from dropping out of campus. Pascarella and Terenzini (1991) found that students are more likely to be retained at the college as the interaction between students, faculty and students' peers increased. In the same study, Pascarella and Terenzini (1991) also found that there are numerous influences on students related to age. These influences, including maturational process and generational gap do affect student perceptions of their environment as well as play a role in differing needs of students in various age groups.

Soutar and McNeil (1996) reported a pilot study of students' views of the quality of academic and administrative services provided by a university. Using a modified SERVQUAL instrument, regression analysis showed that the SERVQUAL dimensions, together with the additional dimensions of Communication and Knowledge and Availability, were useful in explaining differences in student satisfaction. Not all dimensions were significant, however. Reliability, Assurance and, to a lesser extent, Availability

influenced student satisfaction, suggesting that dependability was a key feature sought when student came into contact with the academic staff. When background variables such as gender, age, major, type of study pattern and whether the students worked part-time or full-time were included in the regression equation, Dependability was again found to be critical, with Reliability, Assurance and Responsiveness having a positive influence on the service encounter with academic staff. Furthermore, male students were found to be more satisfied overall than were female students. In both cases, individual attention, Tangibles, Communication and Knowledge were not determinants of student satisfaction (Soutar and McNeil, 1996).

LeBlanc et al. (1999) found in his study to study the concept of service value in a small business school that male students are more inclined to focus on social value during service consumption and that females are more critical of the price/quality relationship as it relates to value. A possible explanation of these findings is that women are more tasks oriented than their male counterparts (McQuarrie, 1991). Hartline and Ferrell (1996) acknowledge the role of gender on the performance of contact personnel during service delivery and its effect on customers' perceptions of service.

In another research on quality perceptions of internal and external customer in educational administration, Galloway (1998) found that

improvement in perceived quality for staff requires a sustained improvement in the clarity, accuracy and reliability of the service offered, with no particular aspect standing out, and the changes required for external customers would be seen as directing effort away from improvements in task based services and possibly degrading quality.

Other findings in similar studies could help to guide us in our study. Pace (1990) found that College Student Experiences Questionnaire has shown over numerous analyses that demographics variables do not have a significant relationship to student perceptions of the college environment. According to Brian (1997), several other studies have confirmed this result as well. He named Seligman (1969), Starr et al. (1971) and Low (1988) to name a few. He elaborated further that previous research had shown that a weak relationship was found between the variables measured and the criterion variable of perception of public safety policy. Brian (1997) added that other factors, either intentionally designed or discovered through factor analysis, are the variables, which have the greatest influence on student perceptions. It is also not surprising that age was the only variable which showed a weak but independent relationship between student perceptions. There are numerous influences on students related to age. These influences, including the maturational process and generational differences do affect student perceptions

of their environment as well as play a role in differing needs of students in various age groups.