

Examining the Relationship of Service Quality to Word-of-Mouth at Higher Education: Mediated by Students' Satisfaction

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This study examined the relationship of components of service quality (SQ): reliability, assurance, responsiveness, empathy, and tangibles, (Parasuraman et al. (1988) to word-of-mouth (WOM). It also examined the components that contribute most to students' satisfaction and the mediating effect of students' satisfaction on quality of services and WOM. A total of 280 questionnaires were randomly distributed to selected undergraduate students from the discipline of social sciences at a private university in Klang Valley, Malaysia. The Cronbach Alpha value of the five dimensions ranges from 0.761 to 0.977. The findings indicate that all five dimensions have a significant but weak relationship to WOM. Empathy was found to contribute most to WOM. There was also a significant indirect effect of five dimensions of SQ on WOM through students' satisfaction. This meant that the level of students' satisfaction has an influence in the relationship between SQ and WOM.

Key words: *SQ, WOM, private higher education institutions, students' satisfaction.*

Introduction

Malaysia aims to become a high-income advanced nation by 2024. The service sector is categorized as an important pillar of Malaysia's economic growth (Service Sector Blueprint, 2015). It is projected to contribute up to 58% of the Gross Domestic Product (GDP) by 2024. A service provider is given the role to deliver excellent customer service and is expected to give the business an edge over its competitors. Experts say that the trend currently shaping marketing and business strategy is SQ, linked to an increase in profit. It is also marked as a

significant element towards viable benefit through repeat sales, feedback from WOM, loyalty of the customers and differentiation of the product (Abdullah, 2006). Managing quality performance of a service is truly challenging to service providers as the attribute is intangible, heterogeneous, inseparable, and perishable.

Customer engagement and relationships are indicators of future success towards organizational sustainability (Sapari et al. 2009; Saif, 2014; Bellamkonda, 2016). Today, the higher education (HE) institutions take great interest in providing quality service to its customers. The SQ measurement emphasizes on students and stakeholder's assessment on the services received. Barnett (2011) states that students' satisfaction is crucial, and this is seen as a measurement of SQ for service providers.

Several studies in higher educational institutions (Mansori et al. 2014; Husin et al. 2015; Shaari, 2014; Asaduzzaman et al. 2013) have adopted the five dimensions of SQ (SERVQUAL) model. These findings assist higher education institutions to collect useful information covering students and stakeholder's satisfaction and dissatisfaction, student's retention, positive referrals (word-of-mouth), complaints, students and stakeholders' perceived value, students' assessment of services and loyalty. Several other studies revealed that students who are satisfied may attract new students through word-of-mouth to inform friends and others, recommending them to enrol into other courses (Palmer et al. 2011; Teo et al. 2011; Li, 2012; Huang et al., 2012). This could bring integrity to the industry and ensure Malaysia's target, to become an important educational centre in the region, could be achieved.

Problem Statement

The Malaysian government introduced legislation in 1996 allowing the establishment of private universities. Among the objectives is to provide access to postsecondary education and strengthen the country's "human capital". Educational institutions are regarded as the next 'engine of growth' for Malaysia. The government wanted these institutions to continue growing by providing quality education.

There have been complaints raised by the students and parents in the media pertaining to poor SQ provided by these institutions. The dissatisfaction centered around false representations of facilities, hiding cost, programme recognition, accommodation and quality of the teaching staff. These problems are not only significant to the foreign students but also to the locals. It was also learnt that grouses against the private higher education institutions has ranked the highest among the complaints forwarded to the ministry of higher education with an average of 20 complaints a day (Pua, 2006). In 2013, the Higher Education Ministry has identified nine private higher education institutions to undergo a sustainability review. These

institutions were chosen based on weaknesses perceived by the public, related to the university's services and performance, in the effort to identify risky institutions, so that continuous improvement can be undertaken by the respective institutions (Bernama, 2013).

Providing higher quality service can increase students' satisfaction, generating more revenue for private higher education institutions (Mansori et al. 2014). In a highly competitive environment, students have choices in making decision to pursue their studies. Students are the main customers of the higher education institutions and obviously satisfied customers will spread good word-of-mouth. Rahayu (2011), found that internal customers satisfaction can be measured with the variables of product, service delivery and service environment, and this has a relationship to trust and is strongly related to word-of-mouth.

Apart from that, it is also important to observe that high levels of satisfaction among students contributes directly to the building of good reputation of these institutions, in turn helping to produce WOM reports, promoting interest to the potential applicants. In realizing the importance of measuring the SQ performance in the higher education institution context, the study investigates the relationship of SQ to WOM behaviour and examining the mediating effect of students' satisfaction in SQ and WOM at one private higher education located in Klang Valley.

Literature Review

SQ

SQ serves as a measurement of the service delivered compared to customer expectation. Parasuraman et al. (2006) defined SQ as the differences between service expectation and perceptions. If the perception is higher than expectations, service is recognized of high quality, but when expectation is higher than perception, it is of low quality. Managing quality of the services is about managing expectations and perceived service, so that consumer satisfaction is achieved. Parasuraman et al. (1984) defined SQ as a judgment towards service that acts as an antecedent to overall customer satisfaction.

Service professionals describe SQ as the distinction between the expectations of clients about the services provided and the views of the services received (Munusamy et al., 2010). Hanaysha et al. (2011) defined Higher-Education SQ as a student's assessment on the services received, which is part of their educational experience. The service delivered to the customers must be carried out with high standard and must satisfy the customers for company survival (Husin et al., 2015).

Students' satisfaction

Kotler et al. (2006) said customer satisfaction refers to a person's feelings of pleasure or disappointment after comparing services received in relation to the expectation. Saif (2014) defined satisfaction as a feeling of happiness that is received. Satisfied customers will share with others about their good experiences (Mosahab et al., 2010). According to Hanaysha et al. (2011), students are satisfied when the services provided meet their expectation, or even more satisfied when they receive more than expected. Fernandez et al. 2013; Shahzadi et al. (2017) suggested that in monitoring quality, the student experience and its improvement cannot not be ignored.

Students' satisfaction is a crucial factor that needs to be addressed by higher education providers (Ibrahim et al., 2014). Elliott et al. (2002) describe students' satisfaction as "favourability of a students' evaluation of the outcomes and experiences related to education. This is formed through repeated experiences in campus life". Satisfied students may spread information (WOM) to friends encouraging them to pursue a higher level of study. It is a psychological state of happiness that results from the attributes of higher education (Faizan et al. 2016).

WOM

WOM refers to the process where information about a product is shared between an individual who has used the product and potential users (Fatima et al., 2008). Sadeh et al. (2015) said that it also refers to the level of satisfaction received. It is also a catalyst of promotion for companies in which consumers who have experienced a product or service will share with others how much they like the business/product. Stokes et al., (2002) found that word-of-mouth communications can positively influence sales, and this is treated as part of an overall marketing strategy.

WOM is said as the direction, valence and volume (Stokes et al. 2002). It is an input into the decision-making process, or output of the purchase process, which is positive or negative. It refers to the number of people to whom the message is sent. WOM influence choices, which in turn helps to increase a company's market share (Zineldin et al., 2011).

SQ and students' satisfaction

Service experts define the quality of service as the difference between customer expectations of the services supplied and the opinions of the services received. Hanaysha et al. (2011) studied both international and domestic students levels of satisfaction and found that the level

of satisfaction is strong and positive. Malik et al., (2010) studied the effect of SQ and students' satisfaction from public and private sectors of educational institutes in Punjab Pakistan. It was found that the dimensions of SQ has a strong impact on students' satisfaction. Mansori et al. (2014) found that students' overall satisfaction is affected by tangibility. It has the highest influence on students' intention to pursue a higher level of study. Empathy followed by responsiveness also significantly contributed to students' satisfaction. However, reliability and assurance did not show significant impacts on overall satisfaction.

Students' satisfaction to WOM

According to Dib and Alnazer (2013), it is important to deliver a high level of SQ, with the objective of maintaining loyal customers. Palmer et al. (2011) investigated the relationship between students' level of satisfaction with their university experience and the extent of their engagement in positive and negative 'word-of-mouth' to individuals from outside institutions. Teo et al. (2011), measured the role of SQ, satisfaction and commitment in word-of-mouth among adult learners in Singapore. It was found that functional SQ, impacted on word-of-mouth formation, with students' satisfaction as a critical role. Teo et al. (2011) further suggested that a key objective of private institutions is students' satisfaction.

Methodology

The most appropriate research design employed for this study is correlation. Salkind (2014) states that correlational types of study investigate the relationship between independent and dependent variables after an action or event has already taken place. A total of 280 questionnaires was distributed to randomly selected samples from private higher education institutions. The instrument was validated by three academic members of a higher learning institution with a strong background in SQ, for validation of quality attributes. As for the reliability measurement, it was found that the Cronbach Alpha scores for all the constructs exceeded the threshold of 0.70 which indicate that the items are reliable and consistent.

Results

Salkind (2014) suggests for the absolute value of r: very weak: .00 - .20, weak: .20 - .40, moderate: .40 - .60, strong: .60 - .80 and very strong: .80 – 1.0.

It was found that there was a weak, positive correlation between assurance and WOM ($r = .295, p < .001$), between empathy and WOM ($r = .342, p < .001$), between reliability and WOM ($r = .259, p < .001$), between responsiveness and WOM ($r = .258, p < .001$), between

tangibles and WOM ($r = .342$, $p < .001$), WOM ($r = .247$, $p < .001$). According to Pallant (2005), if the Sig. Value is less than .05, the variables contribute to the dependent variable. Regression analysis found that F-value for empathy is 5.662 and the p-value is significant at $\alpha = 0.01$. This meant that empathy significantly contribute to WOM. The t-value for empathy (2.311) is also significant at $\alpha = 0.01$. Therefore, empathy shows a significant contribution towards WOM.

Mediation analysis using regression (Hayes, 2003; Baron & Kelly, 1986) was used. There is a significant indirect effect of assurance ($\beta = 0.193$, 95% CI (0.111, 0.301), empathy $\beta = 0.154$, 95% CI (0.074, 0.249), reliability $\beta = 0.203$, 95% CI (0.112, 0.323), responsiveness ($\beta = 0.200$, 95% CI (0.108, 0.338), tangibles ($\beta = 0.171$, 95% CI (0.094, 0.250), on WOM through students' satisfaction. There is a significant indirect effect on the five dimensions of SQ to WOM, mediated by students' satisfaction.

Conclusion

This study highlighted findings for service providers on the importance and relationship of SQ to WOM. It is noted that these five dimensions have a significant but very weak relationship to WOM. Although all dimensions significantly relate to WOM, empathy contributed most to WOM. It shows that the students expect the university to provide individualized attention. With reference to the mediating effect of students' satisfaction on SQ and WOM, the findings showed that there was a significant indirect effect of all the five dimensions on WOM through students' satisfaction. The students' level of satisfaction influenced the relationship of SQ to WOM. As a conclusion, it was discovered that the relationship between SQ and WOM is significant but can be enhanced by the students' satisfaction level.



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