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

*Rudzi Munap[a], Zaleha Yahaya[b], [a,b]Faculty of Business and Technology UNITAR International University, Malaysia,
*Corresponding Author Email: rudzi@unitar.my

This study examined the relationship of service quality dimensions: assurance, empathy, reliability, responsiveness and tangibles, (Parasuraman et al. (1988) to positive word-of-mouth. It also examined the critical factors that contribute most to students' satisfaction and the mediating effect of students' satisfaction on quality of services and positive word-of-mouth. 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 indicated all five dimensions had a significant but weak relationship to positive word-of-mouth. Empathy was found to contribute most to positive word-of-mouth. There was also significant indirect effect of five dimensions of service quality on positive word-of-mouth through students' satisfaction. This meant that the level of students' satisfaction has an influence in the relationship of service quality to positive word-of-mouth.

Key words: *service quality, positive word-of-mouth, private higher education institutions, students' satisfaction.*

Introduction

Malaysia aims to become a high-income advanced nation by 2020.   The service sector has been regarded as one of the main pillars of Malaysia's economic growth (Service Sector Blueprint, 2015). It is projected to contribute up to 58% of the Gross Domestic Product (GDP) by 2020. The service provider was allocated the role to deliver exceptional customer service and is expected to give the business an edge over its competitors. Many experts concur that the trend that is currently shaping marketing and business strategy is a focus on service quality and this is linked to increased profitability. It is also seen as a significant element towards competitive advantage through repeat sales, feedback from positive word-of-mouth, customer loyalty and competitive product differentiation (Abdullah, 2006). Managing quality performance of a service is truthfully 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, higher education institutions take great interest in providing quality service to customers. The service quality measurement emphasis is on student and stakeholder assessment on the services provided. This is further supported by Barnett (2011) who states that satisfaction of students is important as it is the only performance indicator of service quality for service providers.

Several studies in the higher education context (Mansori et al. 2014; Husin et al. 2015: Shaari, 2014: Asaduzzaman et al. 2013) adopted a five-dimensional scale of service quality (SERVQUAL) model. The insights from these findings assist higher education institutions to gather useful information covering students and stakeholder's satisfaction and dissatisfaction, retention of students, positive referrals (word-of-mouth), complaints, students and stakeholders' perceived value, students' assessment of services and loyalty. Several other studies revealed that satisfied students may attract new students through word-of-mouth to inform friends and others, recommending they return to the university to enrol into other courses (Palmer et al. 2011; Teo et al. 2011: Li, 2012: Huang et al., 2012; Ganyi, 2016). This could bring integrity to the industry and ensure that Malaysia's target to be an education hub in the region could be achieved.
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Problem Statement

The Malaysian government introduced legislation in 1996, allowing the establishment of private universities. Among the objectives is the provision of access to postsecondary education and strengthening of the country's "human capital". Educational institutions are

regarded as the next 'engine of growth' for Malaysia.   The government wants these institutions to continue growing by providing quality education.

There have been complaints raised by the students and parents via the media pertaining to poor service quality provided by these institutions. The dissatisfaction centered around the perception that they were not given a true picture of the facilities, hidden costs, programme recognition, accommodation and quality of the teaching staff. These problems are not only experienced by the foreign students but also the local students. It was also found that grievances against the private higher education institutions 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 identified nine private higher education institutions that needed to undergo a sustainability review. These institutions were selected based on weaknesses perceived by the public, related to the university's services and performance or based on random selection in efforts to identify risky institutions, so that continuous improvement can be undertaken by the respective institutions (Bernama, 2013; Fung & Liu, 2018).

Providing better education experience by offering higher and better-quality service can increase students' satisfaction which can in turn generate more revenue for private higher education institutions (Mansori et al. 2014). In today's competitive academic environment, students have choices in making decision to pursue their studies. Students are the main customer of the higher education institutions and obviously satisfied customers will spread good word-of-mouth. In a study conducted by Rahayu (2011), it was found that internal customer satisfaction can be measured using the variables of service product, service delivery and service environment, and this has a relationship to trust and is significantly related to word-of-mouth.

Apart from that, it is also important to note that the high level of satisfaction among students contribute directly to the building of good reputation of these institutions, in turn helping to generate positive word-of-mouth, promoting interest to the potential applicants. In realizing the importance of measuring the service quality performance in the higher education institution context, this study investigates the relationship of service quality to positive word-of-mouth behavior and examines the mediating effect of students' satisfaction in service quality and positive word-of-mouth at one private higher education located in Klang Valley.

Literature Review
Service quality

Service quality measures the service delivery as compared to customer expectation. Parasuraman et al. (2006) defined service quality as the degree of discrepancy between

customers' service perceptions and expectations. If the perception indicates higher than expectations, service is recognized of high quality, but when expectation is higher than perception, it is of low quality. Managing service quality entails that a firm must meet the expected service and perceived service needs of each party so that consumer satisfaction is achieved. Parasuraman et al. (1984) defined service quality as an overall judgment incorporating attitude towards the service and is generally accepted as an antecedent of overall customer satisfaction.

Service practitioners define service quality as the difference between customers' expectations of the services delivered and the perceptions of the services received (Munusamy et al., 2010). Hanaysha et al. (2011) defined service quality as a student's overall evaluation on the services they received as part of their educational experience. The service delivered to the target customers must be performed with a high standard and the providers must know how to build a good relationship with the customers, how to satisfy the customers if they want a company to survive (Husin et al., 2015).

Students' satisfaction

Kotler et al. (2006) said customer satisfaction is a person's feelings of pleasure or disappointment after comparing product's perceived performance (or outcome) in relation to his or her expectation. Saif (2014) defined satisfaction as a feeling of happiness and joy that individuals obtain when they have fulfilled their human needs and desires. Satisfied customers will probably talk to others about their good experiences (Mosahab et al., 2010). In the context of education, 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 "favorability of a students' evaluation of the outcomes and experiences related to education. Students' satisfaction is formed through repeated experiences in campus life". Satisfied students may attract new students by engaging in positive word-of-mouth communication to inform acquaintances and friends, and they may return to the university to pursue higher level programmes in the future. Student satisfaction refers to a psychological state of happiness as a result of the evaluation of the service attributes in the context of higher education (Faizan et al. 2016).

According to Hanaysha et al. (2011), students tend to be satisfied in their educational institution when the service provided fits their expectation, or even completely satisfied when they receive more than they expect. Fernandez et al. 2013; Shahzadi et al. (2017) suggested that in monitoring quality, the student experience and its improvement cannot not be ignored.

Positive word-of-mouth

Positive word-of-mouth 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) state that it also refers to the level of satisfaction received. It is further a catalyst of promotion for companies in which consumers who have experienced a product or service will share with others what they like about the business. Stokes et al., (2002) found that word-of-mouth communications can positively influence, and this concepts needs to be treated as part of an overall marketing strategy.

Positive word-of-mouth can be further explained in terms of its direction, valence and volume (Stokes et al. 2002). It is an input into the decision-making process, or output of the purchase process, which can be positive or negative. It relates to the number of people to which the message is relayed. Positive word-of-mouth has a strong influence on consumer choice, which in turn helps to increase companies market share (Zineldin et al., 2011).

Service quality and students' satisfaction

Parasuraman et al. (1988) state that service quality is essential to customer satisfaction. It serves as an important determinant of competitiveness in higher education, a combination of excellent learning process and students' satisfaction on the service delivered.

Hanaysha et al. (2011) studied students' satisfaction level pertaining to services provided by these institutions and found both that international and domestic students level of satisfaction is strong and positive. Malik et al., (2010) studied the impact of service quality and students' satisfaction in both public and private sector of educational institutes of Punjab Pakistan and found that the five dimensions of service quality have a strong and significant impact on students' satisfaction. Mansori et al. (2014) found that the level of students' overall satisfaction is affected by tangibility. Tangibility has the highest influence on students' intention to pursue a higher level of study and on spreading good word-of-mouth about the institution to the public. Empathy followed by responsiveness also significantly contributed to students' satisfaction. However, reliability and assurance did not show significant impact on overall satisfaction

Students' satisfaction to positive word-of-mouth

According to Dib and Alnazer (2013), it is important to deliver a high level of service quality as it results in generating and maintaining loyal customers. Palmer et al. (2011) examined the relationship between levels of student satisfaction and various attributes of the university experience and the extent to which students engaged in positive and negative word-of-mouth

with individuals from outside institution. The findings suggest that dissatisfaction with attributes associated with negative word-of-mouth varied from those attributes leading to positive word-of-mouth when students were satisfied with them. Teo et al. (2011), examined the role of service quality, satisfaction and commitment in word-of-mouth among adult learners in Singapore and found that functional service quality, impacted on word-of-mouth formation, with students' satisfaction as a critical role. Teo et al. (2011) further suggested that a key objective of a private institution is students' satisfaction.

Methodology

The most appropriate research design employed for this study is correlation. Salkind (2014) states that correlational type study examines the relationship between independent and dependent variables after an action or event has already taken place. The Table in Determining Sample Size, Krejcie & Morgan (1970) determined the appropriate sample size from a given population of 850 students. The questionnaire was distributed to randomly selected sample size of 265, but a total of 280 questionnaires were self-administered to the targeted respondents. An increase is due to the fear of extreme and incomplete responses or missing questionnaires. The instrument was validated for quality attributes by three academic members of a higher learning institution with strong backgrounds in the area of service quality. 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 the items are reliable and consistent.

Results

The correlation coefficient refers to the degree of relationship between variables. Correlation is an effect size and describe the strength of the correlation. 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 positive word-of-mouth ($r = .295$, $p < .001$), between empathy and positive word-of-mouth ($r = .342$, $p < .001$), between reliability and positive word-of-mouth ($r = .259$, $p < .001$), between responsiveness and positive word-of-mouth ($r = .258$, $p < .001$), between tangibles and positive word-of-mouth ($r = .342$, $p < .001$), positive word-of-mouth ($r = .247$, $p < .001$). According to Pallant (2005), if the Sig. Value is less than .05, the variables are making a significant contribution to the prediction of the dependent variable.

Regression analysis found that F-value for empathy is 5.662 and the p-value is significant at $\propto = 0.01$. This meant that empathy significantly contribute to positive word-of-mouth. The

t-value for empathy (2.311) is also significant at $\propto$ = 0.01. Therefore, empathy shows a significant contribution towards positive word-of-mouth.

Mediation analysis using regression (Hayes, 2003; Baron & Kelly, 1986) was used. There is a significant indirect effect of assurance (β = 0.193, 95% CI (0.111, 0.301), empathy β = 0.154, 95% CI (0.074, 0.249), reliability β = 0.203, 95% CI (0.112, 0.323), responsiveness (β = 0.200, 95% CI (0.108, 0.338), tangibles (β = 0.171, 95% CI (0.094, 0.250), on positive word-of-mouth through students' satisfaction. It is concluded that there is a significant indirect effect on the five dimensions of service quality to positive word-of-mouth, mediated by students' satisfaction.

Conclusion

This study revealed findings to the service providers on the importance of service quality and its relationship to positive word-of-mouth. It is also noted that these five dimensions have a significant but very weak relationship to positive word-of-mouth. Although all dimensions are significantly related to positive word-of-mouth, it was noted that empathy contributed most to positive word-of-mouth. Further it was found that students expect the university to provide individualized attention. With reference to the mediating effect of students' satisfaction on service quality and positive word-of-mouth, the findings show that there is significant indirect effect of all the five dimensions on positive word-of-mouth through students' satisfaction. This meant that the level of students' satisfaction influenced the relationship of service quality to positive word-of-mouth. In conclusion, the study discovered that the relationship between service quality and positive word-of-mouth is significant and can be enhanced by increasing the students' satisfaction level.

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