THE INFLUENCE OF QUALITY SERVICE ON CUSTOMER SATISFACTION AMONG THE STUDENTS OF INSTITUTIONS OF HIGHER LEARNING. A CASE OF THE CO-OPERATIVE UNIVERSITY OF KENYA

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ABSTRACT

In today's world of global competition, rendering quality service is a key factor for success of an organization and a competitive strategy for sustainable competitive advantage. It's on this premise that the study sought to examine the influence of quality service on customer satisfaction among the students at The Co-operative University of Kenya (CUK). The specific objectives were; to determine how quality dimensions affect customer satisfaction at the CUK and to establish the relationship between quality service and customer satisfaction at the CUK. The study was based on the service quality (SERVQUAL) model that measures customer expectations and perceptions of service quality. The respondents for the research were the students of the CUK undertaking undergraduate programmes. Data was collected using a structured questionnaire based on the SERVQUAL model from School of Business and Economics, School of Co-operatives and Community Development, School of Computing and Mathematics and Nairobi CBD Campus). Questionnaires totalling 400 were distributed at simple random and the ones that were returned were 329 representing 83% response rate. Descriptive analysis was used to profile the respondents, while factor analysis was employed to determine service quality dimensions and customer satisfaction. Data was collected and analysed using SPSS model 21. Analysis was done through coefficient matrix to confirm the factors. The results shows that different dimensions of each service quality had significant effect on the customer satisfaction level except for reliability and responsiveness which was not significant and there exist a significant relationship between quality service and customer satisfaction. Recommendations; there is need to improve reliability and responsiveness quality service dimension, customer service should be included in the university vision and mission statement and also to be an agenda for every meeting in the university.

Keywords: Competitive Advantage, Quality, Satisfaction, SERVQUAL

INTRODUCTION

Over the last decade organizations have been exposed to the various macro environment forces which include fierce competition, globalization, changes in customer's tastes and preferences, changes in technology and innovation. To cope with those challenges firms should purse to establish and maintain loyal customer base through customer satisfaction. To achieve this, firms need to understand customer requirements and improve on existing service feature and adopt new or unique ways of service delivery.

Public sector organizations are always under pressure to provide quality services (Randall & Senior, 1994) and improve efficiency of its service delivery. This means providing value for money by improving the quality of service and reducing costs involved in providing those services(PWC, 2007).Driven by these changing expectations, the public sector is increasingly required to define its role, strengthen its customer focus and build integrated service delivery models. If they are to realize the desired benefits, these models must be based on meeting customer needs more efficiently and effectively. According to (Gowan *et a*l.,2001), providing service in public sector is more complex because it's not only a matter of meeting the stated needs but also finding out the stated needs, setting the priorities and allocating public resources. Delivery service quality has significant relationship with customer satisfaction, customer retention, loyalty, costs, profitability, service guarantees and growth of organization.

A service refers to any activity that one party offers to another which is essentially intangible and through some form of exchange satisfies an identified need (Zeithaml, *et a*l., 2006). Service quality is a concept that has attracted considerable interest and debate because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2007). One that is commonly used defines service quality as the ability of the organization to meet or exceed customer expectations. It is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Zeithaml *et al.,* 2006). If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs. Service quality is best analysed from the client's perspective due to the fact that they usually have values, grounds of assessment and circumstances that are unique to each one of them (Groonoross, 2008).

Ducker (1991) defines service quality as "what the customer gets out and is willing to pay for" rather than "what the supplier (of the service) puts in". Hence, service quality is often "conceptualized as the comparison of service expectations with actual performance perceptions"

The protagonist of quality management in organizations, include: Joseph Juran (1950's), Edward Deming (1950's) and Philip Crosby (1980's) whose works culminated in the promulgation of the concept of Total Quality Management (TQM). Magutu *et al.,* (2010) explained that based on TQM policies, different approaches have been adopted for studying quality management in universities; including self-assessment and external assessment of the institutions; accreditation and certification systems and they proposed the adoption of a Quality Management (QM) model at the University of Nairobi (Edward, 2013). Becket and Brookes (2008) attest to the fact that besides TQM, many more models have been adopted by higher education institutions in measuring service quality, but in their critique they note that these models are industry based. They identify the models as including: European Framework for Quality Management (EFQM), Balanced Scorecard, Malcom Baldridge Award, International Standards Organization (ISO) 9000, Business Process Re-engineering and SERVQUAL.

Kotler and Keller (2006) view customer satisfaction as a person's feelings of pleasure or disappointment resulting from comparing product's perceived performance (or outcome) in relation to his or her

expectation. In a related definition, Juran (1991) posit that customer satisfaction is the result achieved when service or product features respond to customers need and when the company meets or exceeds customer's expectation over the lifetime of a product or service. Customer satisfaction is described by Bolton and Drew (1991) as a judgment made on the basis of a specific service encounter.

Customer satisfaction is the extent to which a products perceived performance matches buyer's expectations. When product perceived performance match the customers' expectations, they are satisfied and if, performance exceed the customers expectation then customers are highly satisfied or delighted. Satisfied customers become loyal and discontented customers move to another seller (Heskett *et al.,* 2010). When the contentment is low, customers may turn to another seller or express their discontentment (Kuusik, 2007). Research shows that sixty to 80 % of customers who defect to a competitor stated that, they were not contented or were unsatisfied just prior to their desertion (Reichheld *el al.,* 2000).

The higher education service sector is one of the fastest growing industries in Kenya. The rapid growth in this sector is characterized by increased student enrolment, reduced Government funding of public universities, heightened expectation of service quality by the overly savvy customers, emergence of competitive private universities and acquisition of middle level colleges by public universities to cater for excess demand (Economic Survey 2012; Magutu, Mbeche, Nyaoga, Ongeri, & Ombati, 2010). Service quality in education is therefore gaining prominence with the main stay remaining, high service quality for enhanced customer satisfaction and retention. Unfortunately, in the face of this metamorphosis, Ngware, Onsomu and Manda, (2005) observe that existing and projected supply of public education in Kenya continuously falls short of demand for quality education leading to low customer satisfaction (Edward, 2013).

In today's world of global competition, rendering quality service is a key factor for success and a competitive strategy for sustainable competitive advantage. The management of organizations should seek to know the level at which the customers are satisfied with their services in order to meet and exceed their expectations. It's on the basis of this background that the study sought to investigate the service quality and customer satisfaction at The Cooperative University of Kenya in order to improve the efficiency and effectiveness of its service delivery.

Objectives

The main objective of the study was to determine the influence of quality service on customer satisfaction at The CUK. The study was guided by the following specific objectives:

- To determine how quality dimensions affect customer satisfaction at the CUK
- To establish the relationship between quality service and customer satisfaction at the CUK

LITERATURE REVIEW

(Rust & Oliver, 2000) stated that excellent service quality was the key factor in an enterprise enhancing organizational performance in the globalized market. In other words, the competitive advantages of an enterprise lied in the provision of high service quality that excellent service quality not only could enhance the organizational profitability, but could create excellent organizational performance for the organization (Lin & Lee, 2005).

Parasuraman *et al*. (1985) suggested that when perceived service quality is high, then it will lead to increase in customer satisfaction. He supports that fact that service quality leads to customer satisfaction and this is in line with Saravana and Rao, (2007) and Lee *et al*., (2000) who acknowledge that customer satisfaction is based upon the level of service quality provided by the service provider.

Stromgren (2007) studied the factors influencing service quality in the hotel industry in Peru and established that the customers were more

interested on the dimensions of reliability exterior, tangibles and assurance. The best predictor of overall service quality was identified as the dimension of reliability. The researcher however noted that a different context would give different results. This is due to different social demographic variables such as culture and religion which might impact on customer expectations. Harr (2008) on the other hand studied service dimensions that leads to higher levels of customer satisfaction in restaurants in Singapore and found out that assurance, empathy and tangibles are the most important to customers' evaluation of service quality, and thus, may have a positive influence on customer satisfaction.

Akaka (2012) studied service quality dimensions and customer satisfaction in Kenyan telecommunications industry and established that all the five service quality dimensions had positive impact on customer satisfaction. However, reliability dimension was considered to be having the highest impact while tangibility was considered to have the least impact.

Theoretical foundation of the study

The study was based on the service quality (SERVQUAL) model. The model was developed by Parasuraman *et al* 1988.The model measures customer expectations and perceptions of service quality. The quality gap (Q) is calculated by subtracting the expectation (E) from the perception (P) value i.e. P-E=Q. Summation of all the Q values provide an overall quality rating which is an indicator of relative importance of the service quality dimensions that influence customers" overall quality perceptions. The model has proved to be one of the best ways to measure the quality of services provided to customers. It identified 97 attributes which were found to have an impact on service quality. These 97 attributes were the criteria that were important in molding customers' expectations and perceptions on delivered service. All these attributes fit into 10 dimensions of service quality. These dimensions are (1) tangible features, (2) reliability, (3) responsiveness, (4) communication,(five) credibility, (six)security, (7) competence, (8) courtesy, (9) understanding and (10)access. Later these ten dimensions were purified into five by using factor analysis: tangibles, reliability, responsibility, assurance and empathy.

Table 1: Five dimensions of service quality

Dimension	Explanation
Tangibles	The appearance of physical facilities, equipment, personnel, and communication materials
Reliability	The ability to perform the promised service dependably and accurately
Responsiveness	The wiliness to help customers and provide prompt service
Assurance	The knowledge and courtesy of employees and their ability to inspire trust and confidence
Empathy	The approachability, ease of access and effort taken to understand customer's needs.

Ingari, 2018 carried a research on the Influence of outsourced public service provider's quality dimensions on Performance of Nairobi City County and used SERVQUAL analysis to test the difference between expectations and perceived service quality based on the service dimensions.

According to the study carried out by (Ladhari, 2009), it is recommended that the SERVQUAL model is a good scale to use when measuring

service quality in various specific industries but that it is appropriate to choose the most important dimensions of this model that fit to that particular service being measured in order to assure reliable and valid results. In this regard, the study adopted this model because it takes into account customer's expectation of a service as well as perceptions of the service, which is best way to measure service quality in service sector (Shahin, 2005).

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Rakesh (2012) in his study "quality assessment of Banking Industry Using SERVQUAL" found that managers in the service sector are under increasing pressure to demonstrate that their services are customer-focused and that continuous performance improvement is being delivered. Given the financial and resource constraints under which service organizations must manage it is essential that customer expectations are properly understood and measured and that, from the customers' perspective, any gaps in service quality are identified.

Amiri and Faghani (2012) in their research service quality and customer satisfaction (application of SERVQUAL model) examined the relationship between services strategies and customer satisfaction and studied the quality of the mobile banking services rendered by the banks in Iran. The researcher has used the customer satisfaction as the dependent variable and the five dimensions of service quality; namely, tangibles, reliability, responsiveness, assurance and empathy, as the independent variables.

Conceptual Framework

The key variables for the study were categorized as independent variables and dependent variables. The independent variables were the dimensions of service quality that include; reliability, assurance, tangibles, responsiveness and empathy and the dependent variable was customer satisfaction.

Reliability

Assurance

Tangibles

Responsiveness

Empathy

CUSTOMER SATISFACTION
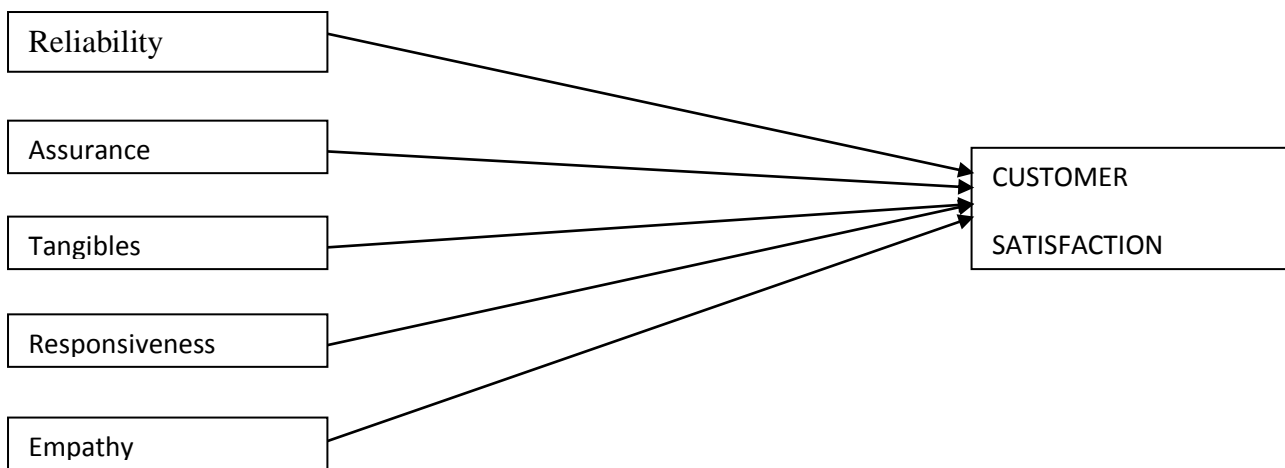
Independent Variables   **Dependent variable**

Figure 1: Conceptual Framework

METHODOLOGY

A descriptive research design method was used to study service quality and customer satisfaction from the customer's perspective. The respondents for the research were the students of the CUK undertaking undergraduate programmes. Data was collected using a structured questionnaire based on the SERVQUAL model from School of Business and Economics, School of Co-operatives and Community Development, School of Computing and Mathematics and Nairobi CBD Campus). Questionnaires totalling 400 were distributed at simple random and the ones that were returned were 329 representing 83% response rate.

Descriptive analysis was used to profile the respondents, while factor analysis was employed to determine service quality dimensions and customer satisfaction. Data was collected and analysed using SPSS model 21. Analysis was done through coefficient matrix to confirm the factors.

FINDINGS AND DISCUSSIONS

The researcher analyzed five quality dimension factors; reliability, assurance, tangibles, responsiveness and empathy. For this purpose 400 questionnaires were distributed to students of CUK and 329 were returned representing a response rate of 83%.

Table 2: Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.608[a]	.369	.360	1.07567

Table 2 shows the independent variables that were studied; explain 36% of quality service influence on customer satisfaction at CUK as represented by adjusted R^2. This means that other factors not studied in this research contributed to 64% of quality service influence on customer satisfaction at CUK.

Table 3: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	218.840	5	43.768	37.827	.000[b]
	Residual	373.732	323	1.157		
	Total	592.571	328			

Table 3 shows the F critical at 5% level of significance was 2.42 having F calculated as 37.827. According to Mutea, (2016) if F calculated is greater than F critical the model is significant. Also the significance value is 0.00 which is less than 0.05 indicating that the model is statistically significance in predicting quality service on customer satisfaction at CUK.

Table 4: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.648	.217		2.988	.003
	RELIABILITY	.113	.094	.082	1.194	.233
	RESPONSIVE	.161	.093	.119	1.735	.084
	ASSURANCE	.216	.094	.156	2.302	.022
	EMPATHY	.227	.090	.179	2.522	.012
	TANGIBLE	.220	.081	.178	2.719	.007

The researcher conducted a multiple linear regression analysis to determine the influence of quality service on customer satisfaction. The four variables studied as per the SPSS generated the equation, Customer Satisfaction = $0.648+0.113\beta_1+0.161\beta_2+0.216\beta_3+0.227\beta_4+0.220\beta_5+ 1.0757$. To determine the significance of each independent variable on the dependent variable, the researcher established that reliability and responsiveness was not significant as p-value was greater than 0.05 while assurance, empathy and tangibles were significant and influenced customer satisfaction as p-value was less than 0.05 and the t-value was greater than 2.0. Therefore, the model revealed that there exists significant relationship between quality service and customer satisfaction. This concurs with Kimani, (2014) on service quality on customer satisfaction who found that assurance and tangibles were significant on customer satisfaction. The researcher found that employees instil confidence in their customers. Customers need trust and confidence of the service providers to deliver the service. The customer is never satisfied if he/she does not feel assured about the

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competence of the service provider. However the research differed to that of Mohammed and Shirley, (2009) in their study who found that responsiveness creates public confidence and thus helps customers to make right decisions promptly. It also revealed that there exists a positive relationship between responsiveness and customer satisfaction which was in agreement with the study of Mengi, (2009) on service quality and customer satisfaction who found that responsiveness was significant and therefore influences customer satisfaction.

CONCLUSIONS AND RECOMMENDATIONS

- Different dimensions of each service quality has significant effect on the customer satisfaction level except for reliability and responsiveness which was not significant.

- The model revealed that there exists a significant relationship between quality service and customer satisfaction.

The following were the recommendations based on the research finding.

- Improve reliability standards-since it was found in the research that reliability had substantial negative effect on customer satisfaction, focus should be more on reliability standards like the service provider can provide services on time and per promise,

- Practically in terms of responsiveness, it had a negative effect on the satisfaction of customers; the focus should be prompt of front office staff in responding to customer's requests and timeliness in publishing examination results.
- Customer service should be included in the university vision and mission statement
- Customer service should be an agenda for every meeting in the university
- Customer service perception should include other internal and external stakeholders

Area for Further study

- A study to determine other factors not studied in this research that contribute to (64%) of quality service on customer satisfaction.
- Another study can be done after two years to show whether there is change in perception on quality dimensions such as reliability and responsiveness
- Since the study was conducted at the CUK its necessary to carry research in other universities
- Since the data was collected from the students, it's necessary to carry study on perception of quality service by other stakeholders who are also customers.

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