CHAPTER – III

REVIEW OF RELATED LITERATURE

This chapter presents the theoretical perspective of the research and empirical studies that are relevant for the main study. Discussion of theories and empirical studies is presented and discussed broadly within the context of customer satisfaction, perceptions and expectations.

“Great service is about attitude and a service attitude leads to a richer quality of life, not only in the commercial sector” (Berry, 1995).

Zeithaml and Bitner (2000) have defined service as service is deed, process, and performance. The core offerings of institutions of higher learning are not tangible things that can be touched, seen, and felt, but rather are primarily intangible deeds and actions performed for customers (students and staffs). For instance, most of the institutions of higher learning offer dormitory, clinic, library, Internet, entertainment, cafeteria/canteen, teaching, research, and consultancy services for students and all necessary administrative supports for faculties that are all deeds, processes and performances. Quinn et al. (1987) have also defined services to include all economic activities whose output is not a physical product or construction, are generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort, or health) that are essentially intangible concerns of its first purchaser. This definition implies that intangibility is a key determinant of whether an offering is or is not a service.

Heineke and Tsikriktsis (1998) have described that service package comprises four elements: (a) supporting facility (such as the building on which lectures are provided); (b) facilitating goods (such as handouts, books, computers and Internet); (c) explicit services (such as lectures and advices) and (d) implicit services (such as the faculties and administrative staff attitude when providing the service). On arrival at the university, the students will experience all these four elements, and because services are intangible, it is particularly important for managers to understand what actually composes the service product.

Customers especially students of the institutions of higher learning are often involved in service production. A service process implies taking an input and transforming it into output. People and objects are the two broad types of things get processed in service.
Ranging from passenger transportation to education, customers themselves are the principal input to the service process (as in haircut or an airline flight); in other instances, the key input is an object such as a malfunctioning computer that needs repair.

Lovelock (2001) categorized services into four groups by looking at the service processes from a purely operational perspective:

a) **People processing**- involves tangible actions to people’s bodies, where physical presence of the customer is needed. For example, passenger transportation, hairdressing, and dental work.

b) **Possession processing**- includes tangible actions to goods and other physical possessions belong to the customer, where physical presence of the object, not the customer, is needed. For example, airfreight, lawn mowing, and car cleaning services.

c) **Mental stimulus processing**- refers to intangible actions directed at people’s minds, where mental presence of the customer is needed, but can be located either at the service location (lecture hall or sports stadium) or in a remote location connected by broadcast signals or telecommunication linkages (such as e-learning). For example, entertainment, sport events, theater performance and education.

d) **Information processing**- describes intangible actions directed at a customer’s assets, where little direct involvement of the customer may be needed once service request has been initiated. For example, insurance, banking and consulting.

Services are designed to satisfy one’s requirements. Service satisfaction is the customers’ evaluation of a service in terms of whether that product or service has met their needs and expectations. Failure to meet needs and expectations is assumed to result in dissatisfaction with the service provided. Thus, due attention is required to customer satisfaction because the continuity of any competitive organization relies on its customer satisfaction. For example, retention of institutions of higher learning students may depend on perceived quality of educational and administrative services. Besides, retention of academic staff depends mainly on the perceived quality of administrative services. Heskett et al. (1997) discovered that increasing levels of customer satisfaction could be linked to customer loyalty and profits, as presented in the diagram below. This relationship is strong when customers are very satisfied, where their perceived quality is greater than their expectation (Customer Satisfaction = Perception – Expectation).
Figure 3.1: Relationship between Customer Satisfaction and Loyalty in Competitive Industries

Source: Adapted from Heskett et al. (1997)

Service quality evaluations are based on the manner in which the service was delivered (functional quality) and what outcome resulted from that service (technical quality) (Davis and Heineke, 2003; Gronroos, 1993). Relatively, customers of institutions of higher learning can easily evaluate the service process than the technical outcome. However, when these customers can not accurately evaluate the technical quality of the service provided, they form impressions of the service including its technical quality from whatever sources exist, using their own shorthand or cues that may not be apparent to the provider (Zeithaml and Bitner, 2000).

Zeithaml and Bitner (2000) further illustrated that considering the services that professors provide to their students, most students are in school to learn what they do not know. However, not knowing the subjects they are studying does not prevent them from making judgments about their professors. Cues such as tangibles that accompany the service (computer graphics and other presentation materials), the professor’s appearances of nervousness, the degree of confidence communicated, or even whether the professor starts and ends class on time, are used to infer competence. Understanding the cues used to signal the presence or absence of technical quality allows professors and other service personnel’s some control over their customers’ impressions. The most extensive research into service quality is strongly user oriented.
From focus-group research, Zeithaml et al. have identified 10 criteria used by consumers in evaluating service quality (credibility, security, access, communication, understanding the customer, tangibles, reliability, responsiveness, competence, and courtesy). In subsequent research, they found a high degree of correlation between several of these variables and so consolidated them into five broad dimensions (Zeithaml et al., 1990). These five suggested service quality dimensions are: a) **tangibles** (physical facilities, equipment and appearance of personnel), b) **reliability** (ability to perform the promised services 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) and e) **empathy** (caring, individualized attention the firm provides its customers).

Researchers suggested that customers do not perceive quality as a unidimensional concept, i.e., customers' assessments of service quality include perceptions of multiple factors (Zeithaml et al., 1993). They found consumers consider the five dimensions stated above in their assessments of service quality called the SERVQUAL instrument. It is founded on the notion that service quality resides in favorable judgments, in which perceived service experiences meet or exceed expected service levels. These five service quality dimensions represent how consumers organize information about service quality in their minds.

### 3.1. DISTINCTIVE ASPECTS OF SERVICE MANAGEMENT

We all use services every day. Business and other organizations also use a wide array of services usually purchasing on a much larger scale than do individuals or households. For instance, institution of higher learning is one of the complex service organizations. In addition to educational services, its facilities often comprise libraries and cafeterias, counseling services and placement offices, book store, copy services, telephones and internet connections, and even post office and bank. At a residential university, additional services are likely to include dormitories, health care, indoor and outdoor sports and athletic facilities, and theater.

The institution of higher learning customers (internal and external) are not always happy with the quality and value of the services they receive (Lovelock, 2001). For example,
students complain about late deliveries of academic services; rude or incompetent personnel; inconvenient service hours; poor performance of cafeteria, health care, and library services; and needlessly complicated and lengthy application and admission procedures. They also complain about the difficulty of finding faculty assistants to help them in pursuing their academic requirements; express frustration about mistakes on their academic records; and sigh as they are forced to wait for service or stand in line for applications, admissions, registrations, etc almost every where they go. On the other hand, Lovelock (2001) stated that suppliers of services often seem to have a very different set of concerns. Many complain about how difficult it is to make a profit, how hard it is to find skilled and motivated employees, or how difficult to please customers have become.

It is this gap between the customer’s expectation and the service provider’s performance that leads to have a distinctive aspect of service management. This gap emanates from the inherent differences between goods and services. Services differ from manufacturing organizations in many important respects and require a distinctive approach to manage. As a result, institutions of higher learning that want to succeed cannot continue to rely solely on tools and concepts developed in the manufacturing sector.

There are special challenges in defining and measuring the quality of services owing to the essential differences between goods and service. Technical specifications, as used to measure good’s quality, are inappropriate because services are a) **intangible** (can not be seen, felt, tasted, or touched), b) **inseparable** (simultaneous production and consumption), c) **heterogeneous** (no two services are alike as well as no two customers are precisely alike) and d) **perishable** (cannot be saved, stored, resold, or returned) (Gronroos, 1990; Lovelock, 2001; Zeithaml and Bitner, 1996; 2000; 2003). It is, thus, service managers face a number of challenges including the complex problem of how to deliver quality services consistently. In addition, Buzzell and Gale (1987) concluded quality is what the customers say it is and customer perception is all-important. Thus, it becomes important to define service quality from the standpoint of the customer.
3.2. UNDERSTANDING CUSTOMER SERVICE EXPECTATIONS AND PERCEPTIONS

Service quality is defined in the marketing literature as a post-consumption evaluation of services by consumers that compare expectations with perceptions of performance (Parasuraman et al., 1985). Expectation is what a customer expects to see or have, and what a customer expect to see is usually based on familiarity, previous experience, or preconditioned set; and Perception is defined as the process by which an individual selects, organizes and interprets stimuli (i.e., any unit of input to any of the sense organs-mouth, eye, ear, nose and skin) into a meaningful and coherent picture of the world (Schiffman and Kanuk, 2002).

Zeithaml and Bitner (2000; 2003) also explained customer expectations as the standards of or reference points for performance against which service experiences are compared and are often formulated in terms of what a customer believes should or will happen; and customer perceptions as subjective assessments of actual service experiences. In a marketing context, customers tend to perceive products or services and their attributes according to their own expectations. Customers buy goods and services to meet specific needs, and they evaluate the outcomes of their purchases based on what they expect to receive (i.e., the customers’ preconceived notions of what level of service they should receive from a particular service).

Customer’s expectations about what constitutes good service, however, vary from one firm to another. For instance, although accounting and veterinary surgery are both professional services, the experience of meeting an accountant to talk about tax returns tends to be very different from visiting a vet to get treatment for sick pet (Lovelock, 2001). He has also stated expectations are also likely to vary in relation to differently positioned service providers in the same service firm. Moreover, he illustrated that although travelers expect no-frill service for a short domestic flight on a discount carrier, they would undoubtedly be very dissatisfied with that same level of service on a full-service airline. Thus, it is very important for service personnel to understand customer expectations of their own firm’s service offerings.
When individual customers or corporate purchasing departments evaluate the quality of a service, they may be judging it against some internal standard that existed prior to the service experience (Schneider and Bowen, 1995; Zeithaml et al., 1993). Perceived service quality results from customers comparing the service they perceive they have received against what they expected to receive. Customer’s expectation about services tends to be strongly influenced by their own prior experience as customer with a particular service provider, with competing services in the same industry, or with related services in different industries. Conversely, if they have no relevant prior experience, customers may base their pre-purchase expectations on factors such as word-of-mouth comments, news stories, or the firm’s marketing efforts (Lovelock, 2001).

Lovelock also explained that, over time, certain norms develop for what to expect from service providers within a given industry. These norms are reinforced by both customer experience and supplier-controlled factors such as advertising, pricing, and the physical appearance of the service facility and its employees. For this reason, expectations may vary within different demographic groups, for example, between men and women; older and younger consumers; and blue-versus white-collar workers. Customer expectation may also vary from one industry to another, reflecting industry reputations and past experience. It also differs from country to country.

Zeithaml et al. (1993; 1996) demonstrated the nature and determinants of customer expectations of services including (see the diagram below) **desired service** (the type of service customers hope to receive), **adequate service** (the minimum level of service customers will accept without being dissatisfied), **predicted service** (the level of service customers actually anticipate receiving) and **zone of tolerance** (falls between the desired and adequate service level). Zone of tolerance is defined as the extent to which customers are willing to accept service variation due to the inherent nature of services that makes consistent service delivery difficult across employees in the same company and even by the same service employee from one day to another (Lovelock, 2001; Zeithaml and Bitner, 2000).

Lovelock (2001) also further explained that a performance that falls below the adequate service level would cause frustration and dissatisfaction, whereas one that exceeds the desired service level will both please and surprise customers, creating what is sometimes
referred to as customer delight. Another way of looking at the zone of tolerance is to think of it as the range of service within which customers don’t pay explicit attention to service performance (Johnston, 1995). By contrast, when service falls outside the range, customers will react either positively (when actual service performance exceeds desired service) or negatively (when actual service performance falls below adequate service).

Service performance (especially those that contain few tangible clues) can be difficult to evaluate. As a result, there is a greater risk of making a purchase that proves to be disappointing. Customers who have purchased a physical good that subsequently proves to be a poor choice can often recover easily from their mistake, for instance, they can return a defective CD player. However, Lovelock (2001) stated that these options are not as readily available with services, although recovery is easier for some types of services than others.

![Diagram of Nature and Determinants of Customers’ Service Expectations](image)

In the case of possession-processing services, repeating the performance may be an acceptable option; for example, a cleaning service can reclean an office if a customer complains. By contrast, people-processing services that are performed on people’s bodies may be hard to reverse, for example, a faulty surgical operation. Mental stimulus-processing services such as education can also be difficult to replace if quality does not
meet customers’ expectations, for example, universities do not usually compensate students for poor-quality classroom experiences. Even if a university is willing to let dissatisfied students repeat classes free of charge with a different instructor, those students will still incur significant extra time and mental effort. Information-based services can present challenges for customers when service quality is unsatisfactory, for example, banking or accounting errors may not be noticed until later, by which time damage may have been done to a customer’s reputations or recovery may involve customer’s extra money, time, and worry.

Lovelock (2001) has demonstrated how easy or hard is to evaluate service performance on a continuum using the following diagram adapted from Zeithaml (1981). One of the basic differences between goods and services is that services are harder for customers to evaluate. All products can be placed on a continuum ranging from ‘easy to evaluate’ to ‘difficult to evaluate’ depending on whether they are high in **search attribute** (attributes that allow customers to evaluate a product before purchasing it, such as color), **experience attribute** (attributes that cannot be evaluated prior to purchase, for example live entertainment performances fall in to this category where customers must experience to know what they are getting) and **credence attributes** (attributes that customers find impossible to evaluate confidently even after purchase and consumption, for example, students simply have faith that their professors are providing them with a worthwhile educational experience).

![Figure 3.3: Service Continuum](image)

*Source: Lovelock (2001)*
In marketing terminology, satisfaction is said to be directly related to the disconfirmation or the difference between customers’ expected and perceived performance of the service, i.e., customers’ satisfaction with service is related to both their prior expectations about the service and their perceptions of how well the service was provided. Customers will be satisfied only if their perceived service performance meets or exceeds their expectations. For example, if a university promises that a student will be registered in 5 minutes or less, the student is likely to be satisfied if it is served in 3 minutes, but dissatisfied if he/she is served in 8 minutes. However, the student’s satisfaction with the service performance is also affected by the student’s perception of the quality of service. As a result, the relationship between satisfaction, the perception of service performance, and expectations can be described in the following equation (Davis and Heineke, 2003):

\[ \text{Satisfaction} = \text{Perception} - \text{Expectation}. \]

This equation serves as a reminder that customers’ level of satisfaction can be affected by changes in either their expectations or service provider’s performance. That means the service firm must pay attention to both. This equation suggests there are two ways to increase satisfaction: improve customers’ perceptions of performance or decrease their expectation. But what happens to expectations for the next service encounter when satisfaction is high? It is likely that the customer will expect same high level of service again; thereby raising the stakes for the service provider, i.e., each encounter affects customer expectations for the next encounter. So managing both performance and expectations is important for continuously achieving high levels of customer satisfaction: What does their customer really want? How does their needs be consistently met?

Both the service product and the service process are important to customers. The product refers to the service solution. Whatever forms the solution/product takes; customers want it to work properly, to meet their needs. This is the technical element of service which relates to the core element of the service (technical quality/outcome) without which it is not likely to have happy customer. But excelling in the technical element alone may not keep customers coming back unless the service provider attends to the service process which relates to the customers’ perception of how the service is delivered or how customers feel they have been treated. This is the human element of service (functional quality). For example, the appropriateness of a student’s paper reevaluation ordered by chairman of the department is a measure of the technical quality of the care. The
chairman's manner, i.e., how empathetic he/she is, how well he/she listens and explains, how much care he/she takes to make the student comfortable both physically and psychologically, is a measure of the functional quality of the care.

The human element is exceedingly important in achieving a high level of customer satisfaction. Focusing on the process is a way to invest in a customer relationship. Customers who appreciate the way they have been treated uncomplainingly accept occasional delays and glitches. In other words, an emphasis on the human element can give the service provider some leeway in delivering the technical element.

3.3. CUSTOMERS' ROLE IN SERVICE PROCESS

Bettencourt (1997), Lovelock and Young (1979), Mills and Morris (1986), and Schneider and Bowen (1995) discussed that customer participation at some level is inevitable in service delivery. Services are actions or performances, typically produced and consumed simultaneously. In many situations employees, customers, and even others in the service environment interact to produce the ultimate service outcome. Because they participate, customers are indispensable to the production process of service organizations and they can actually control or contribute to their own satisfaction.

The level of customer participation—low, medium, high—varies across services. For example, as in the case of a symphony concert, all that is required is the customer's physical presence (low level of participation); in the case of a Certified Public Accountant (CPA), customer inputs are required to aid the service organization in creating the service such as preparing tax return (moderate level of participation); and in the case of education, training, and health services, customers can actually be involved in co-creating the service (high level of participation).

Customers receive the service simultaneously with other customers or must wait their turn while other customers are being served. In both cases, other customers are present in the service environment and can affect the nature of the service process or outcome. These customers can enhance customer perception and satisfaction of quality, or they can detract from satisfaction and quality (Grove and Fisk, 1997; Martin and Pranter, 1989). Some of the ways other customers can negatively affect the service experiences are by exhibiting disruptive behaviors, causing delays, overusing, excessively crowding, and manifesting...
incompatible needs. For instance, tourists reported such negative behaviors as pushing, shoving, smoking, drinking alcohol, being verbally abusive, or cutting in line. Other times, there may be dissatisfaction when other customers were impersonal, rude, unfriendly, or even spiteful (Grove and Fisk, 1997).

Grove and Fisk (1997) has stated that there are times when other customers enhancing satisfaction and quality for their fellow customers. For example, customers may increase the satisfaction of others by having friendly conversations while waiting in line, taking photos, assisting with children, and returning dropped or lost items. Just the presence of other happy customers created a fun atmosphere that enhances enjoyment. The mere presence of other customers enhances the experience of college life. Therefore, the effectiveness of customer involvement at all levels of participation would impact service productivity and ultimately quality and customer satisfaction (Zeithaml and Bitner, 2000).

Although some early studies connected quality to customer retention (Steenkamp, 1989), profitability (Reichheld and Sasser, 1990), market share (Buzzell and Gale, 1987) and profits (Phillips et al., 1983), service institutions became concerned with quality’s impact on profits and general economic performance (Aaker and Jacobson, 1994; Greising, 1994; Nelson et al., 1992; Rust et al., 1995) only in the early 1990s. Until then, the main economic variable connected with service quality was cost (Bohan and Horney, 1991; Carr, 1992). Rust et al. (1995) verified the links between service quality and market share while Anderson and Sullivan (1993) investigated the impact of service quality on repurchasing intentions (i.e., loyalty), and Chumpitaz and Paparoidamis (2004) the influence of service quality on marketing performance through customer satisfaction. Loyalty is behaviorally expressed by retention (Bansal and Taylor, 1999) and emotionally by Word of Mouth (Ranaweera and Prabhu, 2003), i.e., the extent to which customers are willing to inform others on service incidents that have given them satisfaction (Soderlund, 1998).

Of particular interest is the positive Word of Mouth (WOM) of satisfied customers, which may attract new customers. Satisfied customers are known to provide positive WOM to individuals who have no relation to a specific transaction (Ranaweera and Prabhu, 2003) influencing, thus, their purchasing intentions (Mintel, 2005; Silverman, 2001). Positive WOM decreases the need for marketing expenses and can increase revenues if new customers are attracted (Reichheld and Sasser, 1990). Because its positive results cannot
be always directly measured, positive WOM is sometimes considered as a side benefit of satisfaction, or as a low-cost alternative promotional solution. In the USA, marketers often consider WOM as the promotional vehicle to be used when there is no budget available for alternative actions (File and Prince, 1992).

Positive correlations between customer satisfaction and retention, loyalty and WOM have been reported in a number of studies (Anderson and Sullivan, 1993; Chumpitaz and Paparoidamis, 2004; Fornell, 1992; Mittal and Kamakura, 2001; Parasuraman et al., 1988; Reichheld and Sasser, 1990). Woodside et al. (1989) identified significant links between the overall satisfaction of hospital patients and their intention to choose the same hospital again. Nelson et al. (1992) extend the link to the profitability of the hospital. Rust et al. (1995) argue about the economic consequences of complaints handling systems while Anderson and Sullivan (1993) report that the customers’ repurchase intentions in Sweden are strongly connected to their satisfaction from specific product categories. Anderson et al. (1994) argue that higher levels of customer satisfaction increase loyalty, decrease price elasticity, protect current market shares, decrease the cost of failures and of attracting new customers and help companies to build a positive corporate image.

The role of service quality is thus widely recognized as being a critical determinant for the success of an organization in today's competitive environment. Any decline in customer satisfaction due to poor service quality would be a matter of concern. Consumers being more aware of rising standards in service, prompted by competitive trends, have developed higher expectations.

3.4. EMPLOYEES’ ROLE IN SERVICE PROCESS

There is more widely accepted relationship between employee satisfaction and employee turnover. Models of employee turnover almost universally propose a negative relationship between satisfaction and turnover (Hom and Griffeth, 1991; Hulin et al., 1985; March and Simon, 1958; Mobley et al., 1979; Price and Mueller, 1986; Rusbult and Farrell, 1983). Increasing employee satisfaction and thereby reducing employee turnover is critical. Estimates suggest that separation, replacement and training costs are 1.5 to 2.5 times annual salary for each person who quits (Solomon, 1988). This illustrates the value of retaining loyal employees. Long-tenured employees develop personal relationships with customers. These relationships are the foundation for a reinforcing cycle of positive
interactions between employees and customers (Reichheld, 1993; Reichheld and Sasser, 1990; Schlesinger and Heskett, 1991). Employees who perceive relationships with customers provide better service. Customers who receive better service express fewer complaints and thereby create fewer problems for employees. Employees in turn react more favorably to encounters with customers. These reactions result in better service that again leads to higher customer satisfaction. Organizations with satisfied employees have satisfied customers. This results in organizations with satisfied employees having higher levels of customer retention (Schneider and Bowen, 1985), which increases overall profitability (Reichheld and Sasser, 1990). The retention of employees who develop continuing positive interactions with customers will become even more critical in the future. Employees with valuable work skills are becoming scarcer.

Employees, both front-line as well as back-stage, are critical to the success of any service organization because they are the service, the organization in the customer’s eye, and they are also marketers (Zeithaml and Bitner, 2000). Service employees play an important role in creating satisfied customers and in building customer relationships. The front-line service providers in each service provision are enormously important to the success of the organizations they represent, i.e., employees are responsible for understanding customer needs and for interpreting customer requirements in real time. Berry (1999) documented that investments in employee success are key drivers of sustained business success in companies. Besides, Berry also stated that companies that represent sustained service success stories all recognize the critical importance of their employees.

Zeithaml and Bitner (2000) assumed that even when customer expectations are well understood (gap 1) and services have been designed and specified to conform to those expectations (gap 2), there may still be discontinuities in service quality when the service is not delivered as specified (gap 3), i.e., the service performance gap. This is because employees frequently deliver or perform the service; service employees’ issues are a major cause of gap 3. By focusing on the critical role of service employees and by developing strategies that will lead to effective customer-oriented service delivery, service organizations can begin to close gap 3.

Zeithaml and Bitner (2000) have identified performance factors that can result in failure to deliver services as designed and specified (gap 3) as follows: ineffective recruitment of service-oriented employees; role ambiguity and role conflict among contact employees;
poor employee-technology-job fit; inappropriate evaluation and compensation systems; and lack of empowerment, perceived control and teamwork. Service people (front-line employees) and those supporting them from behind the scenes (back-stage employees) are critical to the success of any service organization. The front-line employees are serving the external customer and the back-stage employees are supporting/serving the front-line employees that are often called internal customers. For example, in institutions of higher learning, faculties require efficient administrative support so as to provide satisfactory academic service to students. Thus, purposeful synergy and interface among the front-line and back-stage employees is compulsory to attain their intended organizational objective, i.e., profiting through customer satisfaction.

Often the contact employee is of paramount important in developing perceptions about services, such as in haircutting service wherein the contact employee provides the entire service single-handedly. Therefore, the offering is the employee. Even if the contact employee does not perform the service entirely, he/she may still personify the firm in the customer’s eyes. For instance, employees of institutions of higher learning - from the gatekeeper to the faculties - represent the institution to the customer, and everything these individuals do or say can influence perceptions of the organization. Even off-duty employees reflect on the organizations they represent, i.e., if they are unprofessional or make rude remarks about the service organization to customers, customers’ perceptions of the organization will suffer even though the employee is not on duty. All of the five service quality dimensions (reliability, responsiveness, assurance, empathy, and tangibles) can be influenced directly by service employees (Zeithaml and Bitner, 2000).

Delivering the service as promised (reliability) is often totally within the control of front-line employees; front-line employees directly influence customer perceptions of responsiveness through their personal willingness to help and their promptness in serving customers; and the assurance dimension of service quality is highly dependent on employees’ ability to communicate their credibility and to inspire trust and confidence. It is also difficult to imagine how an organization would deliver caring, individualized attention to customers independent of its employees. Empathy implies that employees will pay attention, listen, adapt, and be flexible in delivering what individual customers need (Bettencourt and Gwinner, 1996). Moreover, employee appearance and dress are important aspects of the tangibles dimension of quality, along with many other factors that are independent of service employees, for example, the service facility, décor, and brochures.
There is concrete evidence that satisfied employees make for satisfied customers and in-
turn satisfied customers could reinforce employees' sense of satisfaction in their jobs. Some have even suggested that unless service employees are happy in their jobs, customer satisfaction will be difficult to achieve (Rosenbluth, 1991; Schlesinger and Heskett, 1991). Schneider and Bowen (1993) have also agreed that both an environment for service and for employee well-being is highly correlated with overall customer perceptions of service quality. Though they are careful to point out that the service profit chain model does not suggest causality, i.e., employee satisfaction does not cause customer satisfaction; Heskett et al. (1994), Loveman (1998), and Rucci et al (1998) underlined that the two are interrelated and feed each other, as demonstrated in the following figure.

![Figure 3.4: The Service Profit Chain](image)

Source: Heskett et al. (1994), Loveman (1998), and Rucci et al. (1998)

This study, thus, employed a modification of an existing service quality concept and applied it internally within a service organization, i.e., the INTSERVQUAL (Frost and Kumar, 2000), which is based on the original Gap Model. The original gap model nomenclature has been used in this study. The internal gap 1 looks at the difference in support staff's perception (internal supplier) of front-line staff's expectation (internal customers). To find the extent of this gap, the service quality construct is used. The five dimensions to be used to explain the service quality measure are similar to those used in Parasuraman et al.'s research (1991a; b). Central to any effective management of customer service has to be the measurement of service quality performance and the response of customers to that performance (Christopher et al., 1993). Similarly, the response of front-
line staff members (internal customers) is sought to measure the service quality performance of support staff members (internal suppliers), and equally the response of the support staff is sought to measure the service quality performance of the managers.

SERVQUAL instrument is extensively used to assess external customer (student) service quality, the instrument can also be adopted to assess the quality of the internal customer service provided, for example administrative staffs’ service provided to the academic staffs. Like the external customers, an internal customer such as the academic staffs and the administrative staffs too considers categories of service attributes, such as reliability and responsiveness (Parasuraman et al., 1988; 1991a; b), in judging the quality of the internal service.

3.5. INTERNAL MARKETING

Internal marketing literature suggests the way to satisfied external customers is through satisfied employees (Gronroos, 1981, 1985; Heskett et al., 1994). Oakland (1993) believes the ability to meet customer requirements is vital, not only between two separate organizations, but also within the same organization. The level of satisfaction customers will experience with the firm would be enhanced by understanding and responding to the needs and concerns of employees (Bitner et al., 1990; Zeithaml et al., 1988). This has been theoretically put forward through the service-profit chain by Heskett et al. (1994). Piercy and Morgan (1991) claim that internal marketing programs are a direct parallel to conventional external marketing programs, using the same concepts and elements. In order to achieve organizational change, there is a need to carry out the same process for the internal marketplace as there is for the external marketplace. Hence, in order to ensure that a high level of service quality is provided to its external customers, marketers need to understand how service quality is enhanced between internal stakeholders within the internal marketplace. In other words, the crucial question to be answered is how does an organization go about ensuring that its internal customers (such as the academic staff in the case of institutions of higher learning) receive service quality?

Certain authorities consider that the empirical research conducted so far on internal marketing, especially in developing countries, has been embryonic and descriptive (Varey, 1995; Wilson, 1995). In the early 1980s, the concept of internal marketing first emerged in service marketing literature (Berry, 1981; Gronroos, 1978; 1981; 1985), and was later...
adopted by the service management literature (Carlzon, 1987; Normann, 1984), and
industrial and relationship marketing (Gronroos, 1985; Gummesson, 1987). Heskett
(1987) observed that this shift towards internal marketing was because high-performing
service companies had gained their status in large measure by turning the strategic service
vision inward, i.e., treating their employees as customers.

Recently many service institutions have had to undergo major changes as a result of
competitive forces, deregulation, and globalization. These changes have brought with
them new opportunities and challenges. To meet these challenges, an increasing number of
service organizations have recognized the need for understanding and implementing
internal marketing programs, because internal marketing is important to all industries,
especially to service industries, like the institutions of higher learning.

Scandinavian Airline System (SAS) implemented the first classical documented example
of an internal marketing strategy. Jan Carlzon, president of SAS, coined the phrase
“moments of truth”, believing in empowering his front-line people to take the necessary
action to satisfy external customers at the organization-customer interface. He
implemented a decentralized decision-making system that flattened the organizational
structure, to the point where traditional corporation hierarchical tiers were eliminated;
thereby facilitating quick and direct response to customer needs (Carlzon, 1987).

Albrecht and Zemke (1985), in discussing the service management paradigm, suggested
that because front-line contact employees are the ones capable of making or breaking the
customer's perception of service quality at the moment of truth, they are important
elements in the service delivery process, thus ensuring customer satisfaction (George,
1977; Lehtinen and Lehtinen, 1982). Gronroos (1981) stated that internal marketing
should create an internal environment that supports customer-consciousness among the
service personnel. This can only be achieved if front-line people are treated the same way
as external customers are. Hence, it is the job of managers and support staff to support and
help front-line staff (like the academic staff) in their mission to please the end user, the
external customer (for example, the students).

The growing literature on internal marketing has clearly identified the pivotal role of
employees in the implementation of effective external marketing programs. In fact,
marketing to employees under the banner of "Internal Marketing" has been described by
McLeod et al. (1995) as the first order activity, and a pre-condition for effective services
marketing’. Internal marketing is the key to superior service and the result is external marketing success (Varey, 1995).

In any service institution an appreciation of good service orientation is extremely important (Bowen and Schneider, 1988; George and Gronroos, 1991; Schneider, 1980; 1986). Service-oriented culture involves service related behavior, attitudes, judgment, decisions and actions (Wasmer and Bruner, 1991). Internal marketing is a means of developing and maintaining such a service-oriented culture (Gronroos, 1989). In a constantly changing environment, a distinct service-oriented culture is needed that tells employees how to respond to new, unforeseen and even awkward situations (Schneider, 1986; Carlzon, 1987). The culture within the organization has a vital impact on how service-oriented its employees are and how well they act as internal marketers of the organization (Bowen and Schneider, 1988; Christopher et al., 1993). Bowen and Schneider (1988) have also found that, when employees identify with the norms, values and culture of an organization, they are less inclined to quit, and customers seem to be more satisfied with their service. In addition to this, when employee turnover is minimized, service values and norms are transmitted to newcomers and successive generations of service employees (Bowen and Schneider, 1988).

Since internal service quality is necessary to superior external service quality (Varey, 1995), service providers need to understand these discrepancies, so that they are in a better position to understand, influence direct and, improve human resources in running service operations (Chang et al., 1996; Gronroos, 1981).

3.6. MANAGING SERVICE ENCOUNTERS

From the customer’s point of view the most vivid impression of service occurs in the service encounter, or the moment of truth, when the customer interacts with the service firm. Some services have few service encounters, and others have many (Zeithaml and Bitner, 2000). So, where does the customer fit within a service organization? In service firms, customers tend to be more involved in the production of the service than is usually the case in manufacturing firms. Some of the services that people use require active contact with the organization, including visits to its facilities and face-to-face interactions with employees. Customers who are actively involved in the service operation can have a significant impact on the organization’s productivity. Sometimes they are expected to
cooperate closely with fulltime service employees (such as education); at other times they may be given the option of undertaking self-service (such as ATM). In both such instances, the customer becomes deeply involved in the service operation.

A service encounter is a period of time during which customers interact directly with a service (Shostack, 1985). In some instances, the entire service experience can be reduced to a single encounter, involving ordering, payment, and execution of service delivery on the spot. In other cases, the customer’s experience comprises a sequence of encounters, an extended process that may be spread out over a period of time, involve a variety of employees, and even take place in different locations (Lovelock, 2001). Although some researchers use the term encounter to describe personal interactions between customers and employees (Surprenant and Solomon, 1987), it also includes encounters involving interactions between customers and self-service equipment, for instance ATM service.

Shostack (1985) identified three general types of service encounters: remote encounters (encounters without any direct human contact, such as ATM system), phone encounters (encounter between an end customer and the service firm over the telephone, such as telecommunications), and face-to-face encounters (occurs between an employee and a customer in direct contact, such as dental and education service). Hence, because of the importance of service encounters in building quality perceptions and ultimately influencing customer satisfaction, employees should try to see their firm through their customers’ eye, i.e., put themselves in the shoes of a customer. Understanding and managing service encounters between customers and service personnel is central to creating satisfied customers who are willing to enter into long-term relationships with the service provider. **What causes customers to have either positive or negative perceptions of service encounters?** Researchers have identified four common themes as the sources of customer satisfaction/dissatisfaction: recovery, adaptability, spontaneity, and coping (Bitner et al., 1990).

The **recovery** theme involves incidents in which there have been failures in the service delivery system and an employee must respond in some way to the customer’s frustration, disappointment, or complaint, for example, late departure of an airplane. Service recoveries in such example might be a coupon for a free meal in the airport restaurant. The **adaptability** theme relates to the service system’s ability to deal with a customer’s special
needs or requests, for example, accommodations for comfort on a cross-country flight for an elderly traveler who recently suffered a stroke.

The **spontaneity** theme relates to unprompted or unsolicited actions by service workers, for example, a flight attendant bringing a special treat to a mother to offer her finicky toddler or a roofer leaving an extra bundle of shingles at no extra charge in case repairs are needed later (i.e., positive spontaneity). On the other hand, a negative spontaneity can be illustrated as a secretary who hangs up on a customer who politely requests to reschedule an appointment for a flooring installation or the gas station attendant who remarks to a bewildered middle-aged woman, “lady, even my 10-year-old can follow those pump instructions.” The **coping** theme relates to how service employees interact with problem customers. A positive example might be the service employee who, when confronted by an angry and verbally abusive customer, acknowledges the customer’s frustration and thereby defuses the situation using a statement like “I certainly understand why you are angry, If you take a seat, I will get you a cup of coffee while I try to sort out the problem”.

It is important that service organizations train their workers to deal with the aforementioned four themes because these four themes seem to be major drivers of satisfaction or dissatisfaction with the service encounters that customer consider being memorable.

### 3.7. COMPLAINT HANDLING AND SERVICE RECOVERY

The importance of maintaining current customers and attracting new ones is of great importance in marketing. Literature demonstrates that equal importance should be placed on maintaining current customers as well as attracting new ones. An important element for keeping current customers is to demonstrate true commitment when a service failure occurs. Managers should regard complaints as research data – as a stream of (inexpensive) market research information highlighting where improvements are needed. In addition it would be possible to identify a series of individual customer problems, which need to be solved, that is the most frequently occurring complaints within a specific organization. By placing importance on gathering data in this way, managers may view the complaint process as an early warning system and ensure not only those mechanisms are in place to record complaints, but also that serious attention is given to analyzing these complaints on a regular basis.
‘Thank heavens for complainers’ was the provocative title of an article about customer complaining behavior that also featured a successful manager exclaiming, ‘thank goodness I have got a dissatisfied customer on the phone! The ones I worry about are the ones I never hear from’ (Harari, 1997). Customers who do complain give a firm the chance to correct problems (including some that the firm may not even know it has), restore relationships with the complainer, and improve future satisfaction for all.

The link between a satisfied customer, customer retention and profitability is well established (Heskett et al., 1994). Long-term relationships just do not happen – they are grounded in the organization’s delivery of excellent service and value and complemented by an effective service recovery system when things go wrong. Not only do satisfied customers conduct repeat business, they also act as advocates and may even be less price sensitive. The first law of quality is to “do it right the first time” (Lovelock et al., 2001) – but unfortunately things do go wrong. Customer satisfaction is linked not only to fault free service, but also to what transpires when something does go wrong.

Although the first law of service productivity and quality might be ‘do it right the first time’, no one ignores the fact that failures continue to occur, sometimes for reasons outside the organization’s control. How well a firm handles complaints and resolves problems may determine whether it builds customer loyalty or watches former customers take their business elsewhere. Some customers do not complain to either the service provider or to third parties; they vote with their feet and seek an alternative service elsewhere; some customers complain to their friends and acquaintances but not to the service firm, which can have a negative effect on the service firm’s reputation without any possibility of recovery with the dissatisfied customer; some customers complain to formal third parties such as lawyers or advocacy groups; and some customers complain later, by phone or by letter, thus providing an opportunity for the service provider to make things right, albeit after the fact (Davis and Heineke, 2003). It is virtually impossible for services to perform perfectly all the time because of the variation inherent in services. However, research has demonstrated that resolving service failures promptly and completely can lead to higher overall satisfaction than if the service had been perfect from the start (Tax and Brown, 1998).
When customers experience dissatisfaction, they have four major courses of action (Lovelock et al., 2001):

a) Do nothing, but the service provider’s reputation is diminished in the customer’s eyes, and they’ll consider defecting if it occurs again;

b) Complain in some form to the service organization;

c) Take some kind of overt action with a third party; and

d) Defect and simply not patronize the firm again, and tell other people, thus engaging in negative word-of-mouth behavior.

There are a number of entry points for complaints. They include frontline employees, intermediaries, managers themselves at head or regional office, complaint cards, and complaints passed to the company by third-party recipients. The very least an organization should do is provide an entry point for complaints. When customers lodge a complaint, managers must adopt standards for complaint handling. Standards Australia (1995) stated that the overriding aim of any complaints handling process is to turn dissatisfied consumers into satisfied consumers. This is best done by speedy and effective remedies at the first point of contact. Previous research has shown that it is possible to recover from failure and thus regain customer confidence (Kelley et al., 1993). A successful recovery will have a positive impact on post recovery satisfaction and future purchase intention (Spreng et al., 1995), customer perceptions of fairness (Goodwin and Ross, 1992; Smith et al., 1999) and customer loyalty towards the firm (Webster and Sundaram, 1998; Levesque and McDougall, 2000).

Tax and Brown (1998) have also explained that when customers complain, they generally seek three specific types of justice: (a) outcome fairness, i.e., customers expect compensation that matches the level of service failure; (b) procedural fairness, i.e., clear, understandable, and hassle-free procedures for addressing complaints are important to all customers; and (c) interaction fairness, i.e., customers expect to be treated with respect and courtesy. Despite the fact that companies may not be able to prevent all service failures, they can learn to recover from them. A study by the U.S. Department of Consumer Affairs revealed a strong relationship between a customer’s intention to repurchase and a provider’s ability to resolve a customer’s problem on the spot. 95% of
the customers said they intend to repurchase if their problem is resolved quickly on the spot. However, if the service recovery takes even a little time, the percentage drops to 70% (Hart et al., 1990).

The Technical Assistance Research Programs Institute (TARP) studied consumer complaint handling in many countries. TARP argues that complaint handling should be seen as a profit center, not a cost center (Lovelock, 2001). Efforts to design service recovery procedures must take into account a firm’s specific environment and the types of problems that customers are likely to encounter. Service recovery is an umbrella term for systematic efforts by a firm to correct a problem following a service failure and to retain a customer’s goodwill. Service recovery efforts play a crucial role in achieving or restoring customer satisfaction. It is critical for a firm to have effective recovery strategies because even a single service problem can destroy a customer’s confidence.

Service recovery efforts should be flexible, and employees should be empowered to use their judgment and communication skills to develop solutions that will satisfy complaining customers (Lewis, 1995). Many researchers have discussed on the strategies of service recovery. For instance, Lovelock (2001) developed 10 guidelines for effective problem resolution (i.e., service recovery) based on discussions with executives of different service industries as follows:

a) Act fast
b) Admit mistakes but do not be defensive
c) Show that you understand the problem from each customer’s point of view (i.e., avoid jumping to conclusions with own interpretations)
d) Don’t argue with customers (i.e., gather facts to reach a mutually acceptable solution)
e) Acknowledge the customer’s feelings, either tacitly or explicitly
f) Give customers the benefit of the doubt (i.e., customers should be treated as though they have a valid complaint until clear evidence to the contrary emerges)
g) Clarify the steps needed to solve the problem
h) Keep customers informed of progress
i) Consider compensation
j) Persevering to regain customer goodwill
Zeithaml and Bitner (2000) also identified the following six service recovery strategies:

a) Fail-safe your service, i.e., does it right the first time.
b) Welcome and encourage complaints
c) Act quickly
d) Treat customers fairly
e) Learn from recovery experiences
f) Learn from lost customers

Taking care of customers requires that the firm also take care of its own employees. Managers need to recognize that handling complaints about service failures and attempting service recovery can be stressful for employees, especially when they get treated abusively for problems over which they have no control. Bowen and Johnston (1999) argue that service firms need to develop internal service recovery strategies designed to help employees recover from the negative feelings that they may incur in being the target of employee anger and dissatisfaction.

3.8. PARADIGM SHIFT IN SERVICE-ORIENTATION OF THE INSTITUTIONS OF HIGHER LEARNING

Earlier research has demonstrated that consumers are reluctant to complain about poor professional service but these same consumers are becoming increasingly more value conscious. There is mounting pressure from the customers of higher education, which include students, parents, alumni, employers and legislators, to close the widening gap between their expectations of institutional performance and the actual performance (Brigham, 1994; Gronhaug and Arndt, 1980; Quelch and Ash, 1981). This indicates how imperative it is for institutions of higher learning to actively monitor the quality of their services and commit to continuous improvements in an effort to respond to the needs of the institutional constituencies.

Institutions of higher learning assessment of the quality of educational services have been a dominant theme since the 1980s, when the international universities were forced to pursue an entrepreneurial approach. Numerous reports (Bennett, 1984; National Commission on Excellence in Education, 1983; Seymour, 1992; Sykes, 1988)
have been critical of various aspects of higher education, ranging from the quality and consistency of the core curriculum to the frustration experienced by students with registration and academic advising and other administrative processes.

It could be argued that the institution of higher learning student is not a customer. Brennan and Bennington (1999) present reasons why a student is not the same as a customer. Universities can fail students, so that students despite having paid money for services (or money is paid by other party) will not receive the desired credential, and switching to another provider is not an easy option for a dissatisfied student, especially for the public university’s students. Furthermore, given that education providers do not operate in a totally free market place, customer concepts have limitations (Marginson, 1997). Those who work with students could be motivated to identify the student in the role of customer according to an expedient understanding of an audience perception.

Ballard (1986) at a “Conference on Education as an International Commodity” argued that it would be in the universities’ interests to alter their product to suit the market in order to be successful. Universities were expected to change to meet students’ needs and students in their identity, as customers will have expectations and perceptions of quality service. However, the very complexity of higher education is an obstacle for students trying to make reasoned judgments on which to base expectations, this in turn makes it difficult to analyze how satisfaction can be achieved. Even so, identification of students as customers has implications for the treatment of students. A university as a service provider needs to uncover students’ expectations, and then if necessary, educate students to have appropriate expectations and then actually deliver even better service than was promised.

The current environment in the institutions of higher learning places students as primary consumers. As Darlaston-Jones et al. (2003) explained students are becoming more conscious of their customer rights and of gaps between their expectations of service delivery and the reality of that service. This service gap presents a quality assurance challenge and it is also likely to contribute to student attrition. For example, the authors noted that the Australian universities have undergone a major transition in the past decade as they have moved from public to a greater emphasis on private
funding, and re-invested themselves as business enterprises. Furthermore, students are also viewing themselves as consumers and are demanding value for money in their education.

3.9. FINDING OF THE STUDIES ON SERVICE QUALITY OF THE INSTITUTIONS OF HIGHER LEARNING

Student retention has received increased attention as competition for students has escalated among colleges and universities. It is important to measure service quality and use the tools of continuous improvement since service quality and student satisfaction are important factors in student retention. Coate (1990) explained quality as what our customers tell us it is, not what we say it is. Progress can only be determined and improved by measurement. Zeithaml and Bitner (1996) argued that most students are in School to learn what they do not know. However, not knowing the subjects they are studying does not prevent them from making judgments about their professors. Cues such as the tangibles accompanying the service (overheads and other presentation materials), the professor’s appearance of nervousness, the degree of confidence communicated, or even whether the professor starts and ends class on time, are used to infer competence. Thus, this section is dedicated to present some of the research findings in the domain of (a) students’ academic service quality perceptions (faculty’s in-out of class services) and (b) the internal service quality perceptions.

Chua (2004) has assessed the perception of quality in higher education of the School of Business Management, Ryerson University, Toronto-Canada, using the input-process-output (IPO) framework of quality classification from various perspectives, namely from parents, students, faculty members and employers. Input refers to the entry requirements, process refers to the teaching and learning process, and output refers to the employability and academic standings. This study supported the fact that different groups of customer have different perspectives of quality. Students’ perspective of quality falls into mainly the process (46.56%) and output (46.56%); parents seemed to think that quality should be in terms of input (46.52%) and output (46.52%); faculty’s’ perspective of quality focus on all aspects of their activities, i.e., input-process-output; and the employers considered quality in terms of process (41.27%) and output.
The students gave most of the suggestions of improvement pertaining to the process of the education system to achieve quality output. Some of the suggestions mentioned were caring professor, provision for various support services for students, provision for a variety of advising services, participation in curriculum design, and encouragement for lifelong learning.

They also noted that there is a large variation in terms of quality teaching, such as contents, feedback, and assessments to inspire learning. For most quality dimensions, students expect more than what they perceive the school would provide. Using the paired t-test, this study indicated that all dimensions except reliability were significant. Moreover, the study shows that all the quality dimensions are primarily related to the educational process of the IPO framework.

Faganel and Macur (2003/04) conducted a case study at the Faculty of Management, Koper- Slovenia by using the SERVPERF model (an instrument used to measure perception of performance only) in order to identify the most important quality dimensions for competing through quality in higher education. Their results showed that students and professors understand quality differently. Students’ understanding of service quality can be described with two factors consisting of several items. The first factor includes four out of five quality dimensions, i.e., reliability, responsiveness, assurance, and empathy; while the second factor that is less important consists of only one quality dimension, i.e., tangibles. The study indicated that students perceive quality of services in total, i.e., they experience all relations like quality, each item constituting their understanding of quality. Tangibles are usually less important in understanding quality and do not influence students’ satisfaction as much as all relations they are part of in the course of study. On the other hand, the academic staffs understand quality in different way than the students. They recognize five different quality dimensions which differ from the Parasuraman et al. They find (a) attention to students, (b) being regular and timely in informing students about services, (c) realization of planned services and students’ suggestions, (d) attractiveness of study materials and other service materials, and (e) service performance in time as the most important determinant of quality, respectively.
Darlaston-Jones et al. (2003) carried out survey on student expectations of higher education at the School of Psychology, Edith Cowan University, located in the Western Australian capital of Perth using the SERVQUAL model. This study showed that there is a difference between student expectations of university and the reality of their experience. The students anticipate having close contact with their lecturing staff to the degree that the lecturer would know each student and his/her personal situation. Besides, students need to have facilities and resources available to them at times that are convenient to students not just the university.

Sherry et al. (2004) have undertaken an assessment of the local and international students’ perceptions of services experienced at New Zealand Tertiary Institute, UNITEC using the SERVQUAL model. The study indicated that expectations gap was larger for the international students on all five dimensions. It confirmed concerns of the international students with issues of assurance. The students were not confident that they are getting value for money, or that the skills they are being taught will get them good results both academically and for future employment. They were unsure of lecturers’ knowledge in their subject area and do not feel that adequate ranges of support service are being offered to them. The study indicated that international students do not feel taken care of by the UNITEC staff. It also showed higher expectations of international students in the responsiveness, empathy and assurance dimensions. It means international students have certain expectations of services they think a tertiary institute should fulfill, such as learning support services, quality teaching, good staff-student communications and prompt feedback from tutors.

Holdford and Reinders (2001) conducted a study to measure quality of pharmaceutical education using the SERVQUAL instrument at the School of Pharmacy, Virginia Commonwealth University. This study found that student perceptions of faculty significantly affect the manner in which students approach their schoolwork. Student perceptions of faculty reliability, trustfulness, and communication have been found to affect student compliance and cooperation with faculty class assignments (Holdford & Wright, 1997). It indicates that education is a cooperative venture between students and faculty.
Ruby (1998) has tried to demonstrate how the use of SERVQUAL, a market-driven assessment model adapted from business, can be used to study student satisfaction with four areas of support services related to enrollment management (academic records, admissions, career services, and financial aid). This study was conducted at ten institutions that were members of the Coalition of Christian Colleges and Universities (CCCU) in Ohio. In the case of career services, the result identified the following service factors with the largest negative gaps (perception – expectation) requiring improvement: providing office hours that are convenient to students, avoiding the appearance of being too busy to help students, making sure that staff members are knowledgeable about career services issues, demonstrating an understanding of student needs, maintaining error free records, demonstrating a commitment to students’ best interests, communicating a willingness to help, providing personal attention to students, being courteous to students, and performing services correctly the first time.

Pariseau and McDaniel (1997) assessed service quality in two small private business schools employing the SERVQUAL model in the northeast region of the USA where teaching is given primary importance. Their results showed that the faculty and business schools were not delivering quality service in the view of their students, ANOVA tests confirmed significant differences in perceptions of service quality; and student expectations were highest in the area of assurance. The second most important factor for students was responsiveness and rank tangibles last. However, the faculty rank tangibles second and responsiveness last. In sum, this study found that the most important determinants of overall quality for students were assurance, reliability, and empathy.

Soutar and McNeil (1996) have undertaken a pilot study that attempted to assess service quality in a number of units in a large Australian university using the SERVQUAL model. Students were found to be quite satisfied with the quality of the academic units surveyed although there were small gaps ranging from 0.79 to 0.18. This study showed that not all dimensions were significant. Reliability, assurance and responsiveness influenced student satisfaction, suggesting that dependability was a key feature sought in the academic encounter. Tangible and empathy were not determinants of student satisfaction.
In sum, the above research findings on institutions of higher learning SERVQUAL are almost all undertaken in the developed countries which indicate a research gap, i.e., no SERVQUAL assessment in the developing countries’ institutions of higher learning. This study is, thus, intended to bridge the gap.

3.10. FINDING OF THE STUDIES ON INTERNAL SERVICE QUALITY (INTSERVQUAL)

Prior studies on internal service quality measurement confirmed that the SERVQUAL instrument could be a valid and reliable tool for measuring internal service quality. Chaston (1994) measured potential gaps in internal service quality using a modified version of the SERVQUAL instrument. The results indicated that gaps in service quality existed because departments placed efficiency above internal customer needs and made little effort to understand internal customer requirements.

Young and Varble (1997) have assessed internal service quality within a purchasing context by applying the original SERVQUAL measures, and suggested that the SERVQUAL instrument does provide the purchasing function with a useful method for obtaining feedback from its internal customers.

Edvardsson et al. (1997) used the SERVQUAL instrument to explore the relationship between the psychosocial work environment and internal service quality, and suggested that measures for improving psychosocial work conditions were just as important as other variables relative to increasing work satisfaction.

Chaston (1994), Young and Varble (1997) as well as Edvardsson et al. (1997) have proposed that the SERVQUAL instrument could be utilized to measure internal service quality. Lings and Brooks (1998) also proposed that the SERVQUAL instrument might be an appropriate tool to measure the quality of service delivered by internal suppliers to their internal customers, and to assess the effectiveness of internal marketing. Besides, Kang et al. (2002) underlined that SERVQUAL is appropriate for measuring internal service quality. Their finding also confirmed that all five dimensions – reliability, assurance, tangibles, empathy, and responsiveness – were distinct and conceptually clear; i.e., the confirmation of the five-dimension structure suggested that
the SERVQUAL instrument could be a valid and reliable tool for measuring internal service quality.

Frost and Kumar (2000) exhibited two valid scales as separate measures while examining the internal service quality model in the Singapore Airlines: (a) front-line staff, i.e., customer-contact personnel, expectation of support services and (b) their perceptions of the support staff’s performance level. These results indicated that the scales could be successfully used to assess the magnitude of the gap between front-line staff expectations and perceptions. The authors found that front-line staff expectation is significantly different from their perception of support staff internal service quality. In terms of specific dimensions, responsiveness was found to influence internal service quality the most. This too did not concur with the findings of Parasuraman et al. (1988; 1991a, b), whose research found reliability to have the most significant influence of all the SERVQUAL dimensions on the overall perception of service quality. Kang et al. (2002) also identified that the reliability and responsiveness dimensions were significant determinants of overall internal service quality.

This study, thus, employed the INTSERVQUAL model construct that encompasses the five-dimension structure, i.e., tangibles, reliability, responsiveness, assurance, and empathy, adapted to higher learning institution. Both (a) academic staff’s administrative service expectations and perceptions and (b) administrative staff’s management service expectations and perceptions were collected and analyzed.