CHAPTER – I

INTRODUCTION AND THE RESEARCH CONTEXT

An acceleration of academic interest and research activity in services marketing was necessary because far more questions than answers existed in the domain of marketing of educational services (Zeithaml et al., 1985). There is a need for services marketing research to enter a new phase of empirical work that integrates various disciplines and various service industries, and that there existed important differences among service firms, not just between service firms and goods firms.

This chapter outlines the framework of the study. The first aspect of the need to research is related to the fact that there are many issues and subjects about which we have very incomplete knowledge (Remenyi, 1996). In the context of the institutions of higher learning in Ethiopia, the relationship between service quality and customer satisfaction is an area which needs exploring in order to generate deeper understanding which may in turn improve efficiency and effectiveness of the sector and management processes. Remenyi (1996) also attributed the second aspect of the need to research to what he calls Homo-sapiens’ compulsion for growth. In this regard, there is increased demand for quality service in institutions of higher learning: an endless requirement for increased performance in all aspects of life and the need to continually break the frontiers of knowledge through the research process leading to greater good of the society at large.

This exploratory research was, in view of this, initiated to assess perceived service quality in the context of the institutions of higher learning in Ethiopia. Hence, this chapter tries to cover the global and national practices of measuring service quality in institutions of higher learning, future challenges and emerging issues in service quality and customer satisfaction in the Ethiopian context. It also covers the rationale for the study, research objectives and its related hypothesis, scope of the study and importance of the research both in terms of adding value to the body of knowledge and in terms of the higher learning institutions within which the study occurs.

The purpose of this study was to explore the perceived service quality that the institutions of higher learning in Ethiopia (both private and public) provided to their customers (students, academic and administrative staff) by measuring customers’ perceptions relative
to their expectations of service quality provided using the five-dimension Service Quality (SERVQUAL) model (Parasuraman et al., 1988) and the Internal Service Quality (INTSERVQUAL) model (Frost and Kumar, 2000) adapted to the distinct nature of the institutions of higher learning’s external and internal customers. It is hoped that this exploratory research will help the management of the institutions of higher learning in Ethiopia to better understand their customer needs, identify gaps in service provision, and design and implement purposeful strategies to close the gaps so as to improve service quality.

1.1. INTRODUCTION

“Services are going to move in this decade to being the front edge of the industry” (Gerstner, as quoted in Zeithaml and Bitner, 2003).

Service quality assessment has received considerable attention in the literature on marketing and quality of education. Its importance results from several major changes in the consumer marketplace including rising consumer expectations, technology advances, and escalating competition (Jacobson and Aaker, 1987). Service quality has been defined as the customer’s impression of the relative inferiority/superiority of a service provider and its services (Bitner and Hubert, 1994) and is often considered similar to the customer’s overall attitude towards the company (Bitner, 1990; Parasuraman et al., 1988; Zeithaml, 1988). Service quality is also 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). Christopher et al. (1993) have defined service quality as the ability of the service organization to meet or exceed customer expectations.

Zeithaml et al. (1990) have defined service quality as the extent of the discrepancy between customers’ expectations or desires and their perceptions. Service quality evaluations are also based on the manner in which the service was delivered (functional quality) and what outcome resulted from that service (technical quality) (Gronroos, 1993). For the present study, educational service quality has been defined as an attitude resulting from students’ perception of academic staffs service performance regarding both functional and technical quality and internal service quality is defined as an attitude resulting from internal customers (academic as well as administrative staff) perceptions of internal services performance.
Educational reforms have been taking place in a number of countries since the early 1970s (Ginsberg, 1991; Lawson, 1992). Different reasons have been given to explain educational changes, but according to Gordon (1992), rationale for restructuring of educational system are the issues of accountability, efficiency, professionalism, and the arrival of monetarist economic policies which advocate the commodification of education. For instance, the Treasury and the State Services Commission, both of which supported the concept that education should be viewed as a commodity that can be traded in the marketplace, have driven the reform of the education sector in New Zealand. Both believed that for educational institutions to achieve efficiency, they must compete for finance and customers (Kelsey, 1993). As part of the new policy, the New Zealand Government introduced the concept of equivalent full-time student (EFTS) funding, which ties funding to the number of students an institution attracts. This encourages institutions to compete to maintain market share. The government has also allowed tertiary institutions to set their own fees to encourage further competition and efficiency.

Offering superior solutions for customer’s needs is a prerequisite to provide sustainable competitive advantage for a firm, and being customer-focused is a prime imperative for a firm, whether manufacturing or service provider (Morison and Davis, 2004). Therefore, educational institutions need to differentiate themselves from competitors in order to compete effectively in the marketplace. The use of marketing in this context could be very beneficial to educational institutions, but one of the major problems that educational institutions face when attempting to introduce marketing is the negative attitude that some educators and members of the public have towards marketing. For example, Krachenberg (1972) stated that some people believe marketing is only good for pushing worthless products, and manipulating people. Kotler and Fox (1985) further added that educators have raised a number of concerns regarding the use of marketing principles for educational institutions. The viewpoint is that the purpose of educational institutions is to impart knowledge and skills, whereas the main purpose of marketing is to make a profit which makes marketing incompatible with the educational mission. What appears to make marketing unacceptable to some people is the belief that people with self-seeking motives use it. An alternative view is that marketing can serve society if its true meaning is applied. According to Krachenberg (1972), marketing deals with the concept of uncovering specific needs, satisfying these needs by the development of appropriate goods and services, letting people know of their availability, and offering them at appropriate
prices, at the right time and place. If this definition is followed and understood, educators could find the use of marketing easier to accept. Although some educators may be concerned with the business orientation of marketing, this definition shows how marketing can perform a service to society.

The major question is “what makes one service provider stand out in the mind of the consumer over the others providing similar services?” Berry and Parasuraman (1992) have argued that the strategic success of a service organization depends on the ability of service providers to enhance their images by consistently meeting or exceeding customers’ service expectations. The measuring of consumer perceptions as to the level of service quality therefore becomes critical.

Services present special challenges for tertiary institutions, i.e., the most intangible one, which must be identified and addressed. These challenges are inability to inventory, difficulty in matching demand and supply, and challenges in controlling the performance quality of human interactions due to encounters and inseparability of service production and consumption. The attraction, retention, and building of strong customer relationships through quality service should be at the heart of any institution’s system to defy such emerging service challenges. Moreover, there must be an integrated customer focus across the firm: all strategies should be developed with an eye on the customer, all implementations should be carried out with an understanding of their impact on the customer, and all monitoring and evaluation as well as customer solutions should be made from the customer’s point of view.

Zeithaml and Bitner (2003) opined that research on academic services need to be conducted across the world, and the practice of services marketing touches educational services across every continent. The field continues to build knowledge related to services and customer focus, knowledge that is in demand in today’s business environment. It is, thus, a global need to monitor quality of educational service.

In the domain of higher education, where they are accountable to their constituents, universities and faculties have been striving to provide high quality services because they need to compete for their students. Measuring the quality of their services using appropriate model adapted to the education context is therefore an important task, especially for those institutions that give a feedback on the dimensions of quality, because it offers them the possibility for significant competitive advantages in the knowledge
market. It has been noted that most of the quality models that are commonly practiced in the business world have been adopted and used in the education sector as discussed in Chapter 4 section 4.1.

1.2. AN OVERVIEW OF GLOBAL PRACTICES IN MEASUREMENT OF SERVICE QUALITY IN INSTITUTIONS OF HIGHER LEARNING

Institutions have realized the rationale for periodically monitoring quality of services rendered. Australian universities have been among the first to track quality of education that they provide since the late 1980s. This call has come from a number of sources such as the government, parents, alumni, employers and students. Soutar and McNeil (1996) stated that the Australian Federal Government proposed to establish a system of funding which responds to institutional performance and the achievement of mutually agreed goals. Institutions of higher learning are also influenced by the market forces to be responsive to the emerging marketability. There is competitive pressure to provide a quality educational experience for all students with the advent of full-fee-paying overseas students.

Waugh (2001) disclosed that the first audit of quality at the Australian universities began in 1993, with two further quality audits in 1994 and 1995 even though the performance indicators tended to be shallow and easily quantifiable such as absolute numbers of students, percentage of completion, and flow of money, which tend to measure the activity rather than the true quality of students’ educational service; followed by the application of SERVQUAL model since the past decade that has been practiced in the business area. For example, Darlaston-Jones et al. (2003) noted that in first week of the first semester of the 2001 academic year, the School of Psychology at Edith Cowan University in the Western Australian capital of Perth had conducted SERVQUAL survey to assess its students’ expectations of their university in terms of academic and administrative staff. Hayes and Wheelwright (1984) also recommended that cost, time, flexibility, and quality are competitive priorities for manufacturers in the USA and international economies and these issues gravitated quickly to the service arena where the need to define and assess quality became a dominant issue (Collier, 1990; Parasuraman et al., 1985).

With the advent of Total Quality Management (TQM), service quality has gained prominence in institutions of higher learning. The arrival of TQM in higher education
began tenuously in the 1980s with an increasing interest in the early 1990s. For instance, Pariseau and McDaniel (1997) explained that a SERVQUAL survey was conducted in 1994 both on students and faculty in two small private business schools in the north-east region of the USA in order to measure perceived students’ service quality by calculating the direction and discrepancy between their perceptions and expectations across 22 items using a seven-point Likert scale.

Sherry et al. (2004) highlighted three-fold increase in the number of international students enrolled in public tertiary institutions in New Zealand in eight years (1996-2004). Quoting the Ministry of Education Report (2003), they have illustrated that in UNITEC Institute of Technology in Auckland, 63% of the students enrolled in the Business Faculty in first semester of the 2003 academic year were international students. This dramatic increase in the number of international students challenged the educational institutions and teachers to be able to measure the legitimate needs and expectations of their services offered to this group of students. It was a sense of urgency to take steps to satisfy or even exceed them, while not losing sight of the needs and expectation of the local students.

In order to face the new competitive scenario, Petruzzellis et al. (2006) highlighted that Italian universities were involved in a change process and were trying to adopt an entrepreneurial approach to better serve their customers/students. They analyzed the case of the University of Bari, Italy by interviewing a random (but well stratified) sample of students in order to test their satisfaction concerning services provided and quality perceived. Reasons why students decided to enrol at the University of Bari were also investigated.

It is necessary for the institutions of higher learning to adopt a customer centric approach to evaluate their performance both in terms of quality of the services provided and of the resources employed. Greiner (2000) argued that the institutions of higher learning quality of service could be tested by assessing student satisfaction, since students are the real customers, carried out by comparing quality expected, quality provided and quality perceived. Customer satisfaction measures are also a tool for discovering customer tastes and understanding their needs and expectations.
Faganel and Macur (2003/04) explained that higher education is a fast growing service industry and every day it is more and more exposed to the globalization processes such as the service quality, emphasizing student satisfaction, which is the newly emerging field of concern. In order to attract students, serve their needs, and retain them, higher education providers are actively involved in understanding students’ expectations and perceptions of service quality. They often need to adopt techniques of measuring quality of their services just like in the business sector. The authors have proposed a service quality assessment survey on students, and professors and their assistants by using the SERVPERF questionnaire (i.e., a performance based alternative to SERVQUAL) on a 5-point Likert-type scale.

Ruby (1998) demonstrated 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 hypothetically related to enrollment management (academic records, admissions, career services, and financial aid) at ten different private institutions of the members of the Coalition of Christian Colleges and Universities-Ohio.

Those above mentioned literature demonstrated a research gap on the approach to be followed to measure service quality in the institutions of higher learning. They were addressing (1) the service perception of students on academic and administrative staff’s service, (2) the academic as well as administrative staff’s attitude in considering students as a customer and (3) the service perception of academic staff (faculties and their technical assistants) on administrative staff’s service. These studies did not look into the all-inclusive issues of service chain, i.e., the external and internal customer’s services. The immediate external customers of ones institution of higher learning are its students; and its internal customers are the academic staff (the front-line) and the administrative staff (the back-stage). A study on measuring service perception of institutions of higher learning shall explore this service chain comprehensively. Thus, this study is designed to bridge the gap in the literature by addressing the service chain among students, academic staff, administrative staff, and management as shown below (i.e., addressing at a time both the external and internal customers):
1.3. AN OVERVIEW ON THE PRACTICE OF SERVICE QUALITY MEASUREMENT IN INSTITUTIONS OF HIGHER LEARNING IN ETHIOPIA

Although Ethiopia possesses a 1,700-year tradition of elite education linked to its Orthodox Church, secular higher education was initiated only in 1950 with the founding of the University College of Addis Ababa. This university and other subsequent institutions of higher education strived, with considerable early success, to meet international standards. Higher education enrollments totaled only 4,500 in 1970 out of a national population of 34 million (Federal Democratic Republic of Ethiopia Report, 2004; World Bank Report, 2003).

Ethiopia is currently engaged in a highly ambitious effort to realign its higher education system in order to contribute more directly to its national strategy for economic growth and poverty reduction. Its achievements over the past five years have been little short of...
extraordinary. The reforms have targeted all levels: the overall system, the institutions, and the academic programs.


a) Since the year 2000, public investment in education has risen as a share of Gross Domestic Product (GDP) from 3.2% to 4.5%.

b) Education expenditure increased as a proportion of the overall government budget from 9.5% to 16.8%. At the same time, the share of the education budget devoted to higher education has risen from 14.9% to 23% in response to the recent rapid expansion of this sector. According to the Ethiopian Ministry of Education Report (EMoE) (2008), this expenditure rate has increased to 24.6% in 2006/2007.

c) Annual recurrent expenditures per university student are roughly 7,457 Birr (USD 860) when government-provided food, lodging and health care are included and 5,801 Birr (USD 671) when student welfare subsidies are excluded.

d) Ethiopia’s tertiary level gross enrollment ratio (GER) was 0.8% in 2000, i.e., 62 tertiary students per 100,000 inhabitants. Women’s access to higher education accounted for only 16% of degree enrollments in regular and evening programs of public institutions in 2001/2002. 7% of graduate students are women. 7% of academic staff in public institutions of higher learning is women. The number of women enrollment in the undergraduate has increased to 26% and the number of women enrollment in the postgraduate reached 10% in 2006/07 (EMoE, 2008).

e) 21 public universities (EMoE, 2008) now stand in place as the result of an aggressive expansion policy designed to raise the country’s miniscule higher education enrollment ratio to more respectable levels, total enrollments have more than doubled from 39,576 in 1996/97 to 91,834 in 2001/2002.

f) Private provision has been initiated and encouraged as a key aspect of this expansion strategy. 37 private institutions of higher learning were enrolled 21% of all higher education students in 2001/2002. A near term goal might be to double the share of private enrollments from the current 21% to 40% by 2010. The number of these private institutions of higher learning has increased to 51 in 2006-07 (EMoE, 2008).
Government provides virtually all of the financing used to run the public higher education system. Full time students pay no significant tuition fees, although part-time and private students do so. However, the government has recognized the need for cost sharing by indicating in the new Higher Education Proclamation that cost-sharing will be a key component for the future financing of higher education development. Accordingly, government introduced a university graduate tax in September 2003 designed to recoup gradually the cost of meals and lodging, together with a small portion of tuition costs.

The Ethiopian institutions of higher learning system has been undergoing structural reorganization and its objectives, while initiating competition among universities, since 1991 with the aim of improving quality of service following the demise of the command economy. The EMoE has also liberalized its education system permitting private investors to invest in institutions of higher learning. As a result the country has many private colleges and universities. These private institutions of higher learning are financed fully by the students’ tuition fee.

The Ethiopian Federal Government funds public institutions of higher learning undergraduate programs on cost sharing basis; however their masters and Ph.D. programs are on full-cost paid basis. The government uses performance evaluation of each institution as a means of governance, measured by three main variables: the demand for education, results of the educational processes, and results of staff research. This measure affects both Ministerial funding and the restrictions to planning in each institution. This indicates that students become an asset to the institutions of higher learning who should be sensed, served and satisfied.

Viewing university students as customers is, relatively, a new experience for institutions of higher learning in Ethiopia. Many academics do not believe that students are just customers or that universities are just to give students what they want. Besides, there is no tendency for (a) academic staff to be viewed as customers of institutions of higher learning administrative services and (b) treating administrative staff as customers of management services. This indicates skepticism and inertia of the universities to adapt towards the changing environment of the national higher education system, global institutions of higher learning and benchmarking the best practices.

In existing literature on quality of service, it was argued that monopolistic and even some competitive environments are not conducive to promote quality, and monopolies tend to
distort quality of service by either over supply or under supply depending on various factors including elasticity of demand (Workshop, 2000). As a result one may argue that there is probably no need to conduct service quality research for organizations that are monopolistic as there are no options for customers to switch. In the Ethiopian context, the undergraduate program under the public institutions of higher learning is almost fully subsidized, except for the insignificant amount of cost shared (15 – 20%) payable after employment on taxation basis. On the other hand, private institutions of higher learning are not subsidized and too expensive. Those who are unable to admit to the public institutions go for the private ones. Almost 80 – 90% is attending in the public institutions. Those who once enrolled in the public institutions of higher learning do not have an option to switch or defect and use private institutions, for they are expensive.

The public institutions are, thus, not in a position to suffer loss of revenues, i.e., government fund, as a consequence of defected students. When public institutions' students are dissatisfied with their service, the only options they have is to complain to the service firm, to complain to a third party, to spread negative word of mouth about the institution. These institutions are complacent and “arrogant” towards their students and quite often their operations follows an inward-look rather than external-look where students would be regarded as an important stakeholder. Customer concepts have limitations given that these public institutions are not operating in a totally free market place, i.e., there is no competition for the enrolment of students. However, this is different in the case of the private institutions' students, they can vote for their money. Despite any other argument, measurement of service quality in pursuit of customer satisfaction is just the right thing to do, for both the public and private higher learning institutions.

The institutions of higher learning in Ethiopia since 2003 have been subject to accountability for the quality of education that they render. This call has been coming from a number of stakeholders such as the government, students, parents and employers (government, business enterprises, and not-for-profit organizations). Both parties have common interest on the quality of education. Government, parents, and employers want to have well-trained, skilful, creative, innovative, ethical and knowledgeable graduates who can hold their head and shoulder both the national and organizational responsibilities in an environment of dynamic changes. Besides, students either want to fulfill the employers’ requirement or acquire adequate skill and knowledge for self-employment.
Ethiopia has made endeavors to establish a standard and guideline for quality assurance system in higher education named after the Higher Education Relevance and Quality Agency (HERQA). HERQA is an autonomous agency established through the Higher Education Proclamation (351/2003) as one of the key agencies responsible for guiding and regulating the higher education sector in Ethiopia. Its mission is to help ensure a high quality and relevant higher education system in the country. One of the central roles of HERQA is to encourage and assist the growth of an organizational culture in Ethiopian higher education that values quality and is committed to continuous improvement. Moreover, HERQA will carry out institutional quality audits of all Higher Education Institutions (HEIs). An institutional quality audit is an in-depth analysis and assessment of the quality and relevance of programs and of the teaching and learning environment. Equally important, an institutional quality audit will assess the appropriateness and effectiveness of a HEIs system of accountability and of its internal review mechanisms (HERQA, 2007).

Ethiopia is in a state of expansion of its higher education. Its current concern is the growth in number of students that has led to debate on falling standards as well as the use of public funds. Both demanded higher public accountability. There are at least five aspects driving the accountability movement in the Ethiopian universities:

a) The general accountability for ensuring civil service reform and quality assurance that march into the government sectors

b) Government makes university regular/day program students share a portion of the university costs. This make student query the service being provided. The government had also received many complaints about poor teaching and a drop in academic standards at tertiary education institutions.

c) The evening, summer, distance, and postgraduate and Ph.D. students are paying full cost. These students have been questioning the service provided.

d) The private colleges/universities are full-cost paid basis. Thus students are asking for value for money.

e) The government universities are in competition with the private colleges and universities for the evening and distance programs; and with each other for the summer, evening, distance, and postgraduate programs. They have to show that they are providing education as good as or better than others and their education is value for money.
Credit to the information technology, students develop quality service expectation that the best institution of higher learning should perform for its students from their exposure to the galaxy of educates, print media, internet, university websites, national and international university brochures, the employer requirements, and the government requirements regarding the quality of education and quality of graduates.

With the emergence of private institutions of higher learning following the liberalization of the Ethiopian education system and the cost-sharing system of government’s higher education, students are also becoming more conscious about the ‘value for money’ as (a) they are sharing or paying in full educational costs and (b) the money that the government is apportioning to the public institutions of higher learning is public money obtained through taxes, aids and borrowings which puts liable the coming generation. On the other hand, the academic staffs are also becoming more demanding on the administrative services in order to respond to the students’ academic service.

The Ethiopian Ministry of Education was using the staff-student ratio, size and richness of library service, class room size, the budget allocated per student, availability of computer labs, and dormitory facilities as performance indicators of its higher learning institutions before HERQA. However, since the establishment of HERQA, it has developed quality audit guidelines that are instrumental to enhancing the quality of provision of education in HEIs. These guidelines which are being published and distributed to all HEIs (both public and private) will serve as reference sources and basic tools for the quality care units which are responsible for the day-to-day quality care and quality enhancement in HEIs. The agency has planned to undertake external quality audits in the 2007/08 academic year which will be the first in the history of higher education in Ethiopia. HEIs are expected to undertake an internal quality audit and prepare a self-assessment report for the agency. This self-assessment report is a prerequisite for an external quality audit (HERQA, 2007).

The contents of the protocols for internal and external quality audits were presented, discussed and approved by participants coming from public and private higher institutions and professional associations in December 2005 where HERQA cleared the ground and created mutual understanding among public and private higher education institutions on the need for quality audits. Besides, the HEIs institutional/internal audit focuses on the following ten areas (HERQA, 2007):

a) Vision, Mission and Educational Goals   f) Program Relevance and Curriculum
HERQA hopes through its institutional quality audit reports and the dissemination of good practices, it will help to enhance the provision of higher education and the confidence of all stakeholders in the quality of that provision. It is trying to employ what is called the Input-Output model for describing the important features of education. This model refers to a conceptual framework that represents higher education as a process that transforms inputs into outputs and is itself part of a wider economic and social process (Cave et al., 1997). This broad model identifies four points at which quality can be assessed:

- **a) Inputs** includes human, financial, and other resources and can be represented by students’ time and aptitude, teachers’ time and abilities, learning objects, consumable resources, equipment and buildings.
- **b) Activity/Process** includes the teaching, learning, and management/organizational opportunities and efforts that are applied to the inputs.
- **c) Outputs** are the results in the education system that may be seen as intermediate outcomes. It refers to the new knowledge and skills of learners, and new knowledge/technology generated.
- **d) Outcomes** refers to the impact, i.e., both direct and indirect.

This institutional quality audit does not consider how the students perceive service performance against their expectation. It is designed from the HEIs point of view and emphasizes on the internal process of service delivery, not the students’ service perception on the services being delivered. In other words, it is aiming at assessing how the internal system of the HEIs perform, do not assess the satisfaction level of their service customers (both internal and external customers) that is the practice of entrepreneurial service institutions.

The public institutions of higher learning that are funded by the Federal Government are providing teaching, library, clinic, dormitory, cafeteria, internet, and laboratory services for the boarding undergraduate students on cost sharing basis to be payable starting six
months after graduation; teaching, library, internet and laboratory services for the evening and summer students on full-cost paid basis; and tutoring for the distance students on full-cost paid basis. Their masters/graduate and Ph.D. programs are offered on full-cost paid basis. There are no dormitory, clinic, and cafeteria services for graduate and Ph.D. programs. Likewise, there are no dormitory, clinics, and cafeteria services in the private institutions; and academic services (teaching, library, internet, and laboratory services) are provided on full-cost paid basis.

With this in mind, the Ethiopian Institutions of Higher Education students are supposed to evaluate their course instructors on semester basis with list of items. These items are emphasizing particularly on instructional quality as termed by Marsh (1982) than the overall faculty’s service quality (i.e., in-out of class service). Marsh designed an instrument called Student Evaluation of Educational Quality (SEEQ) to measure the instructional quality. The instructional quality instrument (SEEQ) included nine subscales/dimensions: learning, enthusiasm, organization, group interaction, individual rapport, breadth, examinations, assignments, and workload/difficulty. Even then, the SEEQ is assessing only students’ perception than both expectations and perceptions catering to the students’ academic service. The items are not tested in terms of the SERVQUAL model that the global tertiary institutions have been pursuing and experiencing. Moreover, the HEIs do not have structured and monitored methods of assessing students and faculties perception on administrative services; administrative staffs perception on management services. In sum, the existing system is addressing only instructional quality and students’ service perception.

Applying the consumer behavior theory in higher education, students should be regarded as consumers purchasing the services provided by education; therefore, the students have the right to obtain the best quality education (Madu and Kuei, 1993). Institutions of higher learning deal with distinct groups of customers. The institution of higher learning must view its students as its primary customers who receive the educational services; parents as customers who pay for their children’s education, including tax; corporations as customers who hire the students; government who fund public education, including hiring; Not-for-profit organizations who hire the students, including funding; and faculties as customers who teach students the knowledge needed to perform the job (Madu and Kuei, 1993). To improve quality services to these customers, the institution of higher learning must
understand needs of its various stakeholders. In order to understand their needs, it must in turn understand the quality attributes embraced by the customers.

People perceive quality of education differently. Some see it as quality in teaching, the caliber of students and the students’ performance on the job. Owlia and Aspinwall (1996) pointed out that in order to measure quality, and consequently improve quality, it is necessary to find out the characteristics of quality. It is important to define the characteristics of quality in view of the students for the measurement of the education process (Cheng and Tam, 1997). Nevertheless, quality improvement to students (external customers) must not undermine the care about the faculty (internal customers) too. Improvements that would meet only external customers’ perceptions, leaving out internal customers would almost generate a negative reaction among the latter.

The faculty (front-line) should, therefore, get the necessary support service from the administrative staff (back-stage), and administrative staff from the management to profitably discharge their expected service level to students and academic staff, respectively. The faculty’s service delivery alone cannot ensure students service satisfaction. There must be synergy among the management, academic and administrative staff, and students in service identification, processing, delivering, and managing. The administrative services (back-office) are provided to the faculty (front-office) through the department of human resource, finance, stores and supply, and the general service. Appropriate logistics of these services is critical for the faculty to undertake satisfactory teaching, consultancy and research services that are the core missions for a given institutions of higher learning. Besides, administrative staff requires speedy, reliable, and courteous and knowledgeable management services to satisfactorily serve the academic staff.

1.4. FUTURE CHALLENGES AND EMERGING ISSUES IN SERVICE QUALITY AND CUSTOMER SATISFACTION IN INSTITUTIONS OF HIGHER LEARNING IN ETHIOPIA

There are two types of institutions of higher learning in Ethiopia: (a) Public and (b) private, i.e., owned by domestic entrepreneurs. These private owned institutions of higher learning have been founded after the demise of the command economy, that is since 1991 following the economic liberalization. They have been providing teaching, research and consultancy, and training services (for which they are mandated) on full-cost paid basis.
Currently, these private institutions are in neck-to-neck competition for retaining existing students and attracting new ones through:

a) Price reduction,

b) Recruiting and retaining qualified as well as experienced faculties,

c) Opening new programs,

d) Upgrading existing programs,

e) Crushing program’s duration by offering summer courses, i.e., offering three terms in a year, and

f) Course offerings on convenient hours.

The public institutions of higher learning are, however, often financed through the government budget though students are sharing 15-20% of their cost to be collected on tax basis after graduation. These institutions are also competing with the private ones providing subsidized academic services in trying to build their internal revenues, but they are still not flexible to the changing academic environment and they are reluctant to customer (student) needs. Nevertheless, both the public and private institutions are facing the following emerging challenges and issues:

a) Unemployment

Graduates are not able to create own jobs and secure employment. Besides, employers are not absorbing the massive graduates. This employment problem is having negative impact on the fate of the institutions of higher learning, especially on the private institutions. Students start thinking of employment at their early stage than going for the institutions of higher learning. For example, there is significant number of non-academic drop outs (often job related) after admission.

b) Faculty Retention

Faculties are demanding better salary, additional incentives, good governance and professional freedom for which both the public and private institutions are not capable of fulfilling these requirements even though there have been attempts. Thus, it is not easy to retain knowledgeable, experienced and skilled faculties. For instance, there is high brain drain and frequent poaching among institutions, including non-academic institutions.
c) Demand for Quality Educational Services

Students are becoming too demanding. In earlier times, both parents and students were worried mainly on how to get admission to the institutions of higher learning and obtain academic certificates for there were relatively secured employment opportunities. But, today students are becoming critical about the functional quality and technical quality because mere graduation does not guarantee employment. Thus, they start asking value for their money, time, and energy they are investing in these institutions. For instance, they form a student council and represent themselves from department up to senate level. They start evaluating their faculty and if necessary fire them. Students account 50% of faculty’s performance evaluation. Moreover, they start switching from one institution to another for a better academic service.

d) Funding Patterns

A private institution of higher learning source of revenue is almost 100% from students’ tuition fees. They are often competing, among others, through price reduction which results in eroding institutional revenue that in return adversely influence their expansion, faculty retention, and facility and quality improvement efforts. They are almost shifting from price making to price taking owing to stiff competition. Most of the private institutions are facing serious financing problems.

Public institutions have, on the other hand, been enjoying government budget. But, today government forces them to generate internal revenues and share government expenditures. This makes the institutions to compute with the private institutions which are relatively flexible and responsive to the changing academic environment, such as deleting and adding academic programs in response to the labor market.

The issues of salary, incentives, good governance, professional freedom, and further education are more acute in the public institutions. For example, qualified and experienced faculties have been switching to private institutions for more than double salary, and others migrated to countries such as USA and Canada.

e) Accession to World Trade Organization (WTO)

Ethiopia is preparing to become member of the WTO. In view of this, the knowledge industry, i.e., the institutions of higher learning will be open to foreign institutions in
response to the General Agreement on Trade and Services (GATS). This market oriented, well experienced, and well-equipped foreign institutions will be a threat for the survival of both the national public as well as private institutions.

Because they are having financial clout, among others, foreign institutions will relatively recruit, develop, and retain qualified and experienced faculty. They can attract both faculty and students by capitalizing on their good will. They can also charge low price for quality academic services by increasing productivity through inputting latest technology (such as on line application, admission, and registration) including e-learning, teleconferencing, and use of electronic materials. This is a challenge for the national institutions at least for the short run. Moreover, this calls up on those national institutions to take proactive measure such as formation of joint collaborations, updating with and preparing for the inevitable global challenges, and reengineering their internal system in response to the upcoming foreign threats.

1.5. RATIONALE FOR THE STUDY

While the Ethiopian government financed public institutions of higher learning may still view themselves as bastions of education, they are undoubtedly also businesses subject to the same market forces as any other. The government has been embarking to introduce an entrepreneurial approach to these institutions. They are under increasing pressure to demonstrate value for money- quality outcomes, excellence, and cost effectiveness- in response to the government fund and student cost-sharing (regular) and full-cost system (evening, summer, and distance). Such switching from haven of bastion to a service market-driven and customer focus (internal and external) is a challenge. It requires a change in management mind-set (who are the change leaders), change in culture, changes in the ways people work and are rewarded, and new ways of implementing customer solutions and relationships.

Those private institutions of higher learning are financed by the students’ fee and usually targeting those students who are unable to enroll in the government funded institutions. As their practices indicated, both the public and private institutions are following an inside-out approach. Their management believes that they know what their customers needs and deliver that, rather than finding out from the customers what they do want. However, an excellent approach to quality stressed the importance of customer satisfaction and customer solution (seamless prompt complaint redressing). To improve quality services to these customers, the service giving
institution must first understand their needs through the quality attributes embraced by the customers. Zeithaml and Bitner (1996; 2003) discussed that good service organizations take complaints seriously, not only do they listen to complaints; they also seek complaints as communication about what can be done to improve their service and their service employees.

A far better approach follows an outside-in approach—determining customer expectations and then delivering. Thinking outside-in focus approach requires an enabling environment of institutional continuous service assessment and improvement. The minimum requirement is having listening strategy. There may be discrepancies between customers’ expectations and the management’s model of what constitutes quality service. The institutions of higher learning managements may be working hard to deliver some aspect of service to which the consumer is indifferent. Conversely, customers may be basing their opinion of quality on some factor that the management assumes is unimportant.

Pitman (2000) examined the extent to which university administrative staff perceived students and academics as customers in Australia. It was found that administrative staff has ambivalent feelings towards treating academics as customers. On the other hand, administrative staff was more accepting of students as customers. Robson (2000) also investigated that the relationship between general and non-general staff in higher education in Australia, United Kingdom, the Netherlands and Finland. It was found that general staff ‘know their place’, realize that their role is ‘not the main game in higher education’, and they do much to support and enhance student experiences. They know that they have to support academic staff in their main roles of research and teaching at institutions of higher education.

Organizations (private, public, and voluntary not for profit) are being challenged all over the world by an increasingly rapidly changing environment. This is also true for institutions of higher learning. The consequences are serious, even threatening: those institutions which do not adapt fast enough or lead this change by taking proactive measures risk losing their importance and eventually disappearing. If this is recognized in the private, non-profit organizations and even in public entities, why shouldn’t it be also true for higher learning institutions? We are living in a marketing world. Pride and Ferrell (1991) described the idea of a marketing world when they suggested marketing is a fundamental element in the functioning of our society and that individual well being, lifestyle, and economy are influenced by marketing activities. Kotler and Fox (1985)
adapted and described the theoretical concepts of marketing to higher education as a central activity of modern institutions growing out of their quest to effectively serve some area of human need. Similarly, adapting an entrepreneurial approach into the Ethiopian higher learning institutions (both public and private) is not a matter of choice, but an issue of survival.

The rapidly and profoundly changing environment both worldwide and in Ethiopia is seriously challenging the national institutions of higher learning to change not only in order to adapt, but also to contribute to the change. Ethiopia needs strong institutions of higher learning in order for the nation itself to be strong. Increased liberalization and globalization of the higher education system seriously reinforces the climate of competition between the institutions of higher learning. This is happening in a time of increasing competition between traditional institutions, the emergence of new types of institutions, increasing costs of teaching, and increasing difficulties for the public authorities to allocate the public funds which would be required, in particular due to other priority obligations.

One of the central roles of the Ethiopian Higher Education Relevance and Quality Agency (HERQA) is to encourage and assist the growth of an organizational culture in Ethiopian higher education that values quality and is committed to continuous improvement through institutional quality audits of all the Institutions of Higher Education (HERQA, 2007). However, as discussed earlier, the quality standard and guideline are following an inward looking approach, not outward looking. It does not address the perceived quality of the customers in its entirety, i.e., the students, academic and administrative staff. Those who are employing an entrepreneurial approach are following the strategy of market-to-product, i.e., an outward-inward look in specifying, designing, processing, delivering, evaluating and servicing their service offerings. They are responsive to their customer needs. Equally important is that there has been extensive borrowing by public sectors, including institutions of higher learning, the management ideas and techniques that have originated in the private sector.

Ethiopian institutions of higher education are striving to ensure quality of higher education through quality assessment (auditing) at three levels: input-process-output. But, these assessments do not represent assessment of the expectations and perceptions of the institutions of higher learning service customers, i.e., the students, academic and administrative staff.
Institutional self-knowledge is the starting point for effective quality assurance. It is important that institutions have the means of collecting and analyzing information about their customers’ perceptions. Without which they may not know what is working well and what needs attention, or the results of innovative practices. There is also the benefit in comparing themselves with other similar institutions. It allows them to extend the range of their self-knowledge and to access possible ways of improving their own performance through benchmarking.

The reasons for undertaking this exploratory research, thus, included:

a) Commitment and passion to the inevitable environmental change on the part of management and staffs will contribute a lot to the very interest of the institution when the SERVQUAL model which is coined on customer focus (outside-in approach) is introduced to work for value for money.

b) Analyzing students’ academic service gap may enhance the accountability of the academic staff/faculties.

c) Analyzing faculties’ service gap may enhance the accountability of the administrative staff.

d) Analyzing administrative staff’s service gap may enhance the accountability of top management.

e) Students are enrolled either on cost-sharing or full-cost basis. Thus, they are becoming more conscious about their service value.

f) Students are looking for competitive job after their graduation.

g) Employers are looking for the competitive/best graduates.

h) The country is in a state of emerging economy, thus requiring quality graduates for its investment in education.

i) Parents are worried about the competitive employment of their children.

j) Ethiopia is preparing to become member of the WTO. This will invite foreign tertiary institutions to operate in the country. As a result, domestic institutions of higher learning will be forced to pursue an entrepreneurial approach in order to compete with the foreign institutions.

k) Accession to the WTO will make the domestic economy more liberal and global, thus inviting foreign direct investment (FDI) seeking quality supply of graduates.

l) Private Colleges/Universities (they are 55) are currently competing to attract and retain students as the government is extending tertiary universities through out
the country in order to build enrollment capacity (13 new universities have been established since 2005, which raised the total number of public universities into 21), other than the state colleges.

m) Government institutions of higher learning will be competing among themselves for government grants. It is expected that the government will introduce system of funding which responds to institutional performance and the achievement of mutually agreed goals.

The existing Ethiopian institutions of higher education system is, therefore, (a) an inward-outward looking than following an outward-inward approach, (b) focus on faculties’ instructional quality (in-class services) than both in-out of class services, (c) measures only students’ perception on instructional quality than measuring both expectations and perception, (d) has no system of measuring faculties’ perception on administrative staff services and (e) has no system of measuring administrative staff perception on top management services. Thus, it was this gap in the Ethiopian higher education quality assurance (ignorance of customers’ perceived quality) which led to the problem statement “Perceived Quality of Services Rendered By Institutions of Higher Learning in Ethiopia: An Exploratory Study”.

It required undertaking of an exploratory research at the Ethiopian institutions of higher learning (a) students’ perception on academic staff services, (b) academic staff’s perception on administrative services and (c) administrative staff’s perception on management services in order to assess their service expectation, perception, and the gap between their service expectation and perceptions. The Gap Model and the SERVQUAL and INTSERVQUAL scale were applied. The SERVQUAL scale (Parasuraman et al., 1988) was used for assessing the service perception of students and the INTSERVQUAL scale (Frost and Kumar, 2000) for assessing the academic and administrative staff’s service perception, which are adapted to institutions of higher learning. Moreover, academic and administrative staff as well as managers was asked, “How cooperative their service users are?”

1.6. RESEARCH OBJECTIVES

The purpose of this study was to assess how service quality of the institutions of higher learning in Ethiopia (both public and private) is perceived by different groups of customers, i.e., explore the service quality that these institutions provided to their
customers by measuring customers’ perceptions relative to their expectations of the service quality provided. An attempt has been made to explore the perception of service quality from the customers’ point of view (students, and academic and administrative staff). There are a number of ways in which SERVQUAL results can be used to help identify service areas for performance improvement. As a result, the study aimed to:

a) Determine the areas where customers have particularly high or low service gap (i.e., the gap between expectation and perception of quality factors),
b) Determine the most determinant service quality factors,
c) Measure whether there are significant mean differences, whether variability is explained by the independent variables (service quality dimensions), and whether there is significant relationship between the dependent (overall service satisfaction) and independent variables,
d) Measure overall customer service satisfaction,
e) Examine the effects of customers’ overall service satisfaction on propensity to recommend the institution to others and switching intentions,
f) Examine the correlation among students, academic and administrative staff’s service satisfaction, and
g) Examine the state of human encounters.

1.7. RESEARCH HYPOTHESES

The research focused on the service perception of students, academic staff, and administrative staff in terms of their respective service providers. The students included undergraduate and postgraduate (no PhD program in the selected institutions); the academic staff included faculties as well as their technical assistants such as lab technicians; and the administrative staff comprised of those who work in the universities’ registrar, library, personnel, finance, and general service departments. This three tier (students, academic and administrative staff) exploratory study on perceived service quality of the institutions of higher learning addressed the following areas:

a) Student Survey

i. To what extent the institution of higher learning academic staff meet the expectations of students?
ii. Do discrepancies exist among students on perceived quality of services rendered?

iii. What are the most important determinants of students’ service quality?

iv. Is the order of importance of the service quality dimensions the same among groups of students?

b) Academic Staff Survey

i. To what extent the institution of higher learning administrative staff meet the expectations of academic staff?

ii. Do discrepancies exist among academic staff on perceived quality of services rendered?

iii. What are the most important determinants of academic staff’s service quality?

iv. Is the order of importance of the service quality dimensions the same among groups of academic staff?

c) Administrative Staff Survey

i. To what extent the institution of higher learning management meet the expectations of administrative staff?

ii. Do discrepancies exist among administrative staff on perceived quality of services rendered?

iii. What are the most important determinants of administrative staff’s service quality?

iv. Is the order of importance of the service quality dimensions the same among groups of administrative staff?

d) Service Providers’ Survey

The broad objectives of undertaking survey of the service providers was to understand to what extent the service customers are cooperative in the service delivery process (i.e., assessment of human encounters in the service delivery)?

In view of the above theme, the research hypotheses that were formulated to accomplish the specified research objectives included:

H1: There are no significant mean differences between expectations and perceptions regarding the quality dimensions.
H2: There are no significant mean differences on expectation of service quality dimensions among user groups.

H3: There are no significant mean differences on perceptions of service quality dimensions among user groups.

H4: There is no significant impact of perceived service quality dimensions on the overall customer satisfaction.

H5: The service quality dimensions are not significant drivers of customers' overall satisfaction.

H6: There are no significant mean differences on the overall service satisfaction among the user groups.

H7: There is no significant impact of customers overall satisfaction on the propensity to recommend the institution to others.

H8: There is no significant impact of customers overall satisfaction on switching intention from the institution.

H9: There is no significant mean difference on the rating of importance of the service quality dimensions among user groups.

H10: There is no significant relationship among students', academic and administrative staffs' service satisfaction.

H11: Service customers are not cooperative in the service delivery process.

1.8. SIGNIFICANCE OF THE STUDY

The study was undertaken with a view to recommend strategies for institutions of higher learning to provide better quality of services for the students, academic and administrative staff, potential researchers in this area and the nation at large.

a) The institutions of higher learning will benefit from the research findings in terms of coping up with their student, academic and administrative staff service expectations so that to improve and enhance services; adapting to the changing national and global academic environment so that to continue in operation; and educating their customers to have a reasonable level of service expectations through continuous service quality assessment.

b) The students, academic and administrative staff will benefit in terms of getting improved future academic, administrative and management services, respectively, as the findings may be useful to the institutions.
1.9. SCOPE OF THE STUDY

The study has been undertaken to explore and measure (a) students’ expectations and perceptions on academic staff services, (b) academic staff’s expectations and perceptions on administrative services and (c) administrative staff’s expectations and perceptions on management services. The details of the study are as under:

a) Student Service Perception

The study was focusing on the students’ perception on academic staff in-class as well as off-class service qualities, such as quality related to instructional services and advisory services. It was targeting those students who were attending during the second semester of the 2007/08 academic year in the Mekelle University (public) and Sheba University College (private) which are residing in the Tigray Regional National State, Ethiopia.

b) Academic Staff Service Perception

The study was focusing on the administrative services satisfaction, rather than job-satisfaction. It was targeting those academic staff (faculties and their technical assistants) that was on duty during the second semester of the 2007/08 academic year in the selected institutions of higher learning.

c) Administrative Staff Service Perception

The study was focusing on the management service satisfaction, rather than job-satisfaction. It was targeting those administrative staff that was on duty during the second semester of the 2007/08 academic year in the selected institutions of higher learning.
1.10. CHAPTER SCHEME

This exploratory research comprises of six major chapters, which has also sub headings in each chapter.

Chapter I: Introduction

It introduces brief biography of the Ethiopian institutions of higher learning; central issue of concern and why it is worth studying (rationale for pursuing the research); research objectives and hypothesis; significance and scope of the research.

Chapter II: Conceptual Framework of Service Quality and Customer Satisfaction

It demonstrates how the quality of service and customer satisfaction has been conceptualized and operational in terms of the institutions of higher learning.

Chapter III: Review of Related Literature

It reviews related literature in order to set the study in its wider context and to correlate present study with existing ones. This helped to identify gaps in the existing literature.

Chapter VI: Research Methodology

It exhibits alternative instruments that have been applied in a similar subject area and selected an appropriate instrument accompanied by detailed research methodologies.

Chapter V: Analysis, Interpretation and Presentation of Findings

It presents survey facts and critically analyzes survey findings with the help of both descriptive and inferential statistical instruments.

Chapter VI: Conclusions and Recommendations

It provides professional judgments about the findings and forward notable recommendations to enhance service quality in the institutions of higher learning. Besides, it describes the research limitations and gives suggestions for further research.