

The Effect of Service Quality on Internal Stakeholder's Satisfaction: Evidence from Private Higher Education Institutions in UAE



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ABSTRACT: Higher education is considered as the shield of the nations and the benchmark of progress, it is essential for it to be sustainable and to have continuous development. Private Higher Education plays a key role in the UAE, attracting many students. There is a great competition between these institutions in terms of providing the appropriate educational services, to win and satisfy the stakeholders. Undoubtedly, the satisfaction of stakeholders with the quality of educational services provided is the primary concern of any educational institution. The focus on the student takes special. However, the satisfaction of the staff who works to provide this service is also important and to be taken care of with high importance. Hence, the main purpose of this study is to focus on the quality of higher education services and its impact on the internal stakeholders' satisfaction in the private higher education institutions in the UAE. HEDPERF and SERVPERF compiled scale was used for evaluating service quality and internal stakeholders' satisfaction and survey method utilized to gather the data. A total number of 1264 students, 54 Professors and 93 non-academic staff participated in the survey.

KEYWORDS: Service Quality, HEDPERF, SERVREF, Higher Education, Internal Stakeholders' Satisfaction.

INTRODUCTION

The higher education sector is one of the fastest expanding industries in UAE. The rapid growth in this sector is characterized by increased student enrolment, increased governmental expectations and regulations to offer quality service, heightened expectations of higher service quality by well-informed internal stakeholders and the emergence of competitive private universities. Service Quality in education is therefore gaining prominence with high expectations from internal stakeholders as this might affect their satisfaction and retention.

The UAE Ministry of Education has a clear vision to enable citizens and residents of the country to participate in the development of the country through education, training, research and innovation; to evolve a well-informed and educated society that can accommodate with development and effective utilization and application of higher education results regionally and internationally, and to meet the global standard in imparting knowledge and conducting applicable researches in response to social needs effectively.

Presently, there are many universities established in the country to further nurture growth in tertiary education level, many of them are private and also with global partners, UAE has one of the highest rates of enrollment in higher education as a percentage of the population in the world, locally and abroad.

LITERATURE REVIEW

Many research have been carried out to examine the effect of service quality on business performance particularly in manufacturing sector and service sector. Idayati et. al., (2020) argued that measuring service quality can go even beyond this as they undertook a study to examine the effect of service quality on citizens' expectations.

However, few attempts have been done to produce adequate measure of service quality in academia (Munshi, 2019;), scholars assert that there is no agreement on what makes the best scale (Abdullah, 2006; Brochado, 2009; Awan; 2010), and this happened even though Munshi (2019) asserted that service quality measurement is of high importance especially when it comes to academic institutions. For instance, Abdullah (2006) regards the SERVPERF scale developed by Cronin & Taylor (1992) and the SERVQUAL scale developed by Zeithaml & Berry (1988) as inadequate to measure service quality in academic institutions as they were both developed to measure the service quality for sectors other than education. Currently, the literature pertaining to service quality

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in the higher education sector is significantly undeveloped. Traditionally, many researchers have focused their efforts on commercial services (Sultan and Wong, 2010). However, it is increasingly apparent that institutions operating in the higher education sector, previously not regarded as “profit-making organizations,” are attempting to gain a competitive advantage over their competition (Oldfield and Baron, 2000). As a result, universities must consider themselves as a “profit-making organization” that is operating in a competitive marketplace (Oldfield and Baron, 2000). Few studies examined service quality in academia, for instance, Shurair & Pokharel (2019) examined students’ perception of service quality in a university by examining the perceptual context of service quality with respect to students’ loyalty behavior and image of the university and culture. Munshi (2019) argued that higher education institutes survive on their brand image that can be built based on service quality. Mulyono et. al. (2020) argued that building service quality is essential to ensure students’ satisfaction and loyalty. According to them, universities need to innovate their services to maintain high quality. Furthermore, Chandra et. al. (2020) examined the effect of service quality on students’ satisfaction and loyalty, and argued that service quality is an important factor that effect students’ satisfaction, loyalty and motivation. Similarly, Qomariah et. al. (2020) argued that service quality in universities affect students’ satisfaction and that based on service quality students will give referrals to their network.

In light of the current economic climate, funding cuts and potential future decreases in student numbers, universities must realize that they are business entities, competing for resources and students, both in the local and international market (Paswan and Ganesh, 2009). This means that universities should be continually looking for appropriate ways of gaining a competitive advantage. Accordingly, the higher education sector must strive to deliver a high quality of service and satisfy its students, who some may term ‘participating customers’, to achieve sustainability in a competitive service environment (DeShields et al., 2005). After all, universities can only be successful as long as their students are being offered something that they wish to buy, at a quality they feel is acceptable (Brown and Mazzarol, 2009). This demonstrates the importance of service quality in gaining a competitive advantage, whilst also highlighting the need to better understand the role that service quality plays in the higher education sector. Research focusing on college student satisfaction highlights those factors contributing to overall student satisfaction, student departure, and the connection between retention and a student’s social/academic integration. While numerous studies identify the reasons for student departure (Astin, 1977; Danaher & Somassundaram, 2008), an equal number of studies reveal that a student’s positive perceptions of academic programs and personal affiliations with faculty, staff, and students contribute to a feeling of “student-centeredness” (Elliott, 2003). This phenomenon makes students feel connected to and welcomed by their institution, making them more likely to stay in school and feel satisfied with their overall experience. In view of that, Abdullah proposed HEdPERF (Higher Education Performance) as a new and more comprehensive performance-based scale that intend to capture the authentic determinants of service quality within the higher education sector (Abdullah, 2006). According to him, this 41 item instrument aims to consider not only the academic components, but also aspects of the total service environment as experienced by the student. Table 1 below highlight the six dimensions of his scale:

Table 1: The HEdPERF Dimensions of Service Quality.

| Sn | Dimensions | Aspects |
|----|----------------------|--|
| 1 | Non-academic aspects | Items that are essential to enable students to fulfill their study obligations, and related to duties carried out by non-academic staff; |
| 2 | Academic aspects | Responsibilities of academics |
| 3 | Reputation | Importance of higher learning institutions in projecting a professional image |
| 4 | Access | Includes issues as approachability, ease of contact, availability and convenience; |
| 5 | Program issues | Importance of offering a wide ranging and reputable academic programs/specializations with flexible structure and health services. |
| 6 | Understanding | Items related to understanding students’ specific need |

A study by Brochado (2009) compares the performance of alternative measures of service quality in the higher education sector and concludes that SERVPERF and HEdPERF presented the best measurement capability but presented inconclusive results with respect to reliability and consistency. Awan (2010) has measured HEdPERF and SERVPERF combined in his study to find out the determinants of service quality. He measured the service quality in three dimensions, namely, academic service quality, managerial service quality and general service quality’. Abdullah (2006) study focuses on education sector and coined a HEdPERF scale as opposed to other scales that measure service quality in other sectors. However, HEdPERF is designed to capture the

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determinants of service quality in the higher education at a macro level, i.e., at a university level but it is not specific enough to capture all dimensions or indicators such as complaints about the services provided; students absenteeism and attrition cases for both students and staff.

The past decade witnessed a remarkable growth in the number of businesses seeking to implement formal quality management systems. And, with the recent clamor for a sustainable knowledge-based economy this research focus on the educational service quality in private education institutions in UAE. Hence, this research examined the quality of services provided and their impact on the satisfaction of students and academic and non-academic staff as key internal stakeholders within the educational institutions. It also intends to identify which service is ranked from the internal stakeholders point of view.

THEORETICAL FRAMEWORK AND HYPOTHESES

Based on the literature review, the theoretical framework and hypotheses of this research developed as follow:

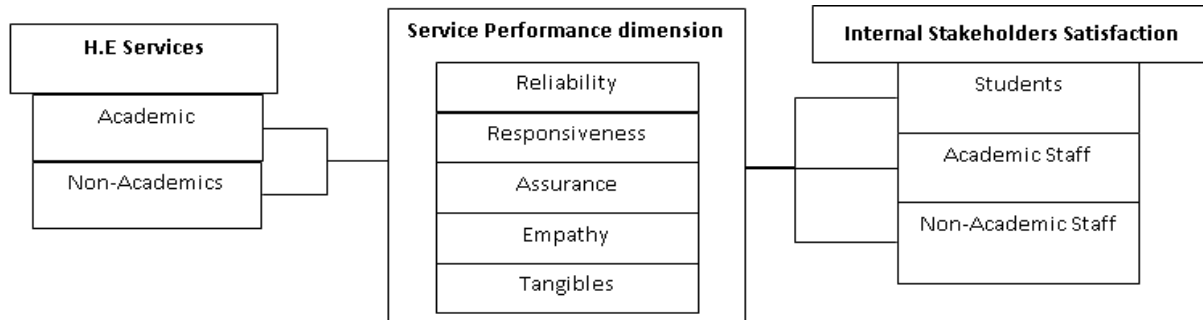


Figure 1: Theoretical Framework

Based on the theoretical framework, the following research hypotheses were developed as follow:

- H1:** *There is positive and significant relationship between Service Quality Dimensions for Academic Services and Students’ Satisfaction..*
- H2:** *There is positive and significant relationship between Service Quality Dimensions for Non-academic services and Students’ Satisfaction.*
- H3:** *There is positive and significant relationship between Service Quality Dimensions for Academic Services and Academic Staff’s Satisfaction..*
- H4:** *There is positive and significant relationship between Service Quality Dimensions for Non-academic services and academic staff’s Satisfaction.*
- H5:** *There is positive and significant relationship between Service Quality Dimensions for Academic Services and Non-Academic Staff’s Satisfaction..*
- H6:** *There is positive and significant relationship between Service Quality Dimensions for non-Academic Services and Non-Academic Staff’s Satisfaction.*
- H7:** *There is positive and significant relationship between staff’s satisfaction and students’ satisfaction.*

DATA ANALYSIS

To have the feeling of the respondents, frequency analysis was conducted as portrayed in below figure.

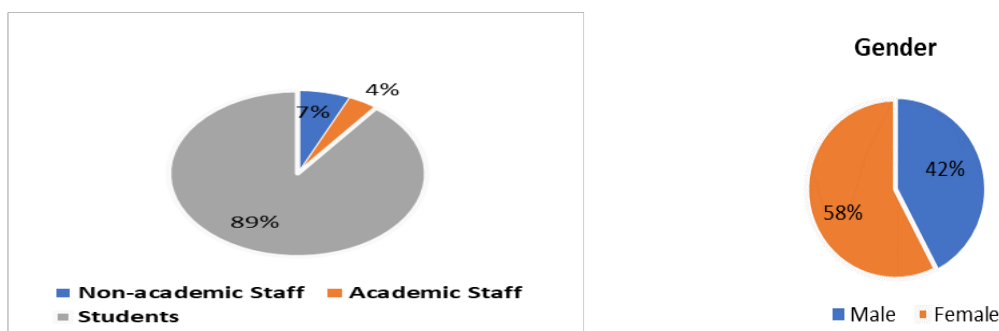


Figure 2: Respondents Demographics

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From figure 2 above, it can be concluded that the majority of respondents in this research are female (58%) whereas male made (42%) of the study population, the majority of respondents are students (89% of the population, followed by non-academic staff (7%) and academic staff (4%) of the study population that made up of 1411 respondents, more details on the population can be found in Table 2 below:

Table 2: Detailed Descriptive Statistics of the Respondents

| | Non-academic Staff | | Academic Staff | | Students | |
|--------|--------------------|---------|----------------|---------|-----------|---------|
| | Frequency | Percent | Frequency | Percent | Frequency | Percent |
| Male | 51 | 54.8 | 35 | 64.8 | 512 | 40.5 |
| Female | 42 | 45.2 | 19 | 35.2 | 752 | 59.5 |
| Total | 93 | 100.0 | 54 | 100.0 | 1264 | 100.0 |

This research examined the validity of the used constructs through exploratory factor analysis that conducted by using SPSS Version 24. To examine reliability, Cronbach’s alpha has been calculated to evaluate the internal consistency of the measures. The results are highlighted in table 2 below.

Table 3: Reliability Analysis (Cronbach’s Alpha) of Research Variables

| No. | Variables | Cronbach's Alpha | No. of Items |
|-----|--|------------------|--------------|
| 1 | Perception of Service Quality - Academic | .850 | 19 |
| 2 | Perception on Service Quality - Non-academic | .947 | 21 |
| 3. | Stakeholders’ Satisfaction | .821 | 9 |

Based on Table 3 above, Cronbach alpha for Perception of Service quality - academic services and Perception of Service quality - Non-academic services are (0.850) and (0.947) respectively, and hence, the scales used to measure the variables of this study found to be reliable.

Multiple regression analysis was carried out in order to test this research hypotheses, the results of regression analysis explained as follow:

Table 4: Multiple Regression Analysis between Service Quality Dimensions for Academic Services and Students’ Satisfaction.

| Model | Unstandardized Coefficients | | T | Sig. |
|--|-----------------------------|------------|--------|------|
| | B | Std. Error | | |
| (Constant) | .328 | .027 | 12.129 | .000 |
| Reliability of the academic services | .190 | .013 | 15.016 | .000 |
| Responsiveness of the academic services | .233 | .016 | 14.727 | .000 |
| Assurance of the academic services | .153 | .012 | 12.983 | .000 |
| Empathy of the academic services | .128 | .014 | 9.215 | .000 |
| Tangibles of the academic services | .200 | .008 | 23.562 | .000 |
| Adjusted R Square =0.929 Std. Error of the Estimate = 0.189 | | | | |
| F Value = 3301.017 Significant = 0.000 | | | | |

To test the impact of academic service quality on students’ satisfaction, multiple regression analysis was conducted with all dimensions of service quality, i.e., reliability, responsiveness, assurance, empathy and tangibles as independent variables and students’ satisfaction as dependent variable, at Adjusted R square value of (0.92) as depicted in Table 4 above, all quality dimensions found to be positively (B= 0.23 – B=0.12) and significantly (0.00) affect students’ satisfaction, and thus, H1 as proposed in this research is accepted.

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To test the second hypotheses that proposed a significant relationship between quality of non-academic services and students' satisfaction, multiple regression analysis was conducted as below:

Table 5: Multiple Regression Analysis between Service Quality Dimensions for non-academic services and Students' Satisfaction.

| Model | Unstandardized Coefficients | | T | Sig. |
|---|-----------------------------|------------|--------|------|
| | B | Std. Error | | |
| (Constant) | .077 | .035 | 2.224 | .026 |
| Reliability of the non-academic services | .243 | .013 | 18.751 | .000 |
| Responsiveness of the non-academic services | .129 | .012 | 10.519 | .000 |
| Assurance of the non-academic services | .192 | .013 | 15.105 | .000 |
| Empathy of the non-academic services | .214 | .013 | 16.137 | .000 |
| Tangibles of the non-academic services | .197 | .011 | 17.419 | .000 |
| Adjusted R Square = 0.929 Std. Error of the Estimate = 0.189 | | | | |
| Value of F = 3297.023 Significant = 0.000 | | | | |

Based on Table 5, and at Adjusted R square value of (0.92), all quality dimensions for non-academic services found to be positively (B= 0.24 – B=0.12) and significantly (0.00) affect students' satisfaction even though some weak relationship recorded with Reliability as the highest and Responsiveness as the lowest contributors, hence, H2 of this research is also supported.

Table 6: Multiple Regression Analysis between Service Quality Dimensions for academic services and academic staff's Satisfaction.

| Model | Unstandardized Coefficients | | T | Sig. |
|---|-----------------------------|------------|-------|------|
| | B | Std. Error | | |
| (Constant) | .384 | .109 | 3.515 | .001 |
| Reliability of the academic services | .205 | .052 | 3.942 | .000 |
| Responsiveness of the academic services | .083 | .052 | 1.580 | .121 |
| Assurance of the academic services | .164 | .057 | 2.873 | .006 |
| Empathy of the academic services | .245 | .044 | 5.516 | .000 |
| Tangibles of the academic services | .188 | .029 | 6.553 | .000 |
| Adjusted R Square = 0.954 Std. Error of the Estimate = 0.129 | | | | |
| Value of F = 220.291 Significant = 0.000 | | | | |

Multiple regression analysis on the effect of service quality dimensions of academic service on academic staff's satisfaction indicated that, at R square value of (0.95) that all service quality dimensions are associated positively and significantly (0.00) with academic staff' satisfaction. However, when it comes to the effect of responsiveness dimension of service quality, the relationship is found to be weak (0.08) and non significant (0.12) and hence H3 is partially accepted.

Table 7: Multiple Regression Analysis between Service Quality Dimensions for Non-academic services and academic staff's Satisfaction.

| Model | Unstandardized Coefficients | | T | Sig. |
|---|-----------------------------|------------|--------|------|
| | B | Std. Error | | |
| (Constant) | -.040- | .151 | -.265- | .792 |
| Reliability of the non-academic services | .289 | .061 | 4.770 | .000 |
| Responsiveness of the non-academic services | .244 | .062 | 3.910 | .000 |
| Assurance of the non-academic services | .166 | .063 | 2.630 | .011 |

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| | | | | |
|--|------|------------------------------------|-------|------|
| Empathy of the non-academic services | .126 | .063 | 2.006 | .051 |
| Tangibles of the non-academic services | .198 | .048 | 4.112 | .000 |
| Adjusted R Square = 0.936 | | Std. Error of the Estimate = 0.153 | | |
| Value of F = 154.809 | | Significant = 0.000 | | |

The above analysis indicates that at R square value of (0.93), all dimensions of service quality for non-academic services are positively and significantly (0.01) associated with academic staff's satisfaction, however, as the significance level of Empathy is slightly above the cut-off point of this research, which is (0.05), thus, the link between empathy and academic staff's satisfaction, hence, H4 is said to be partially accepted.

Table 8: Multiple Regression Analysis between Service Quality Dimensions for academic services and Non-academic staff's Satisfaction.

| Model | Unstandardized Coefficients | | T | Sig. |
|---|-----------------------------|------------------------------------|---------|------|
| | B | Std. Error | | |
| (Constant) | .110 | .106 | 1.039 | .302 |
| Reliability of the academic services | .311 | .053 | 5.840 | .000 |
| Responsiveness of the academic services | .291 | .047 | 6.200 | .000 |
| Assurance of the academic services | .215 | .043 | 5.031 | .000 |
| Empathy of the academic services | -.059- | .050 | -1.183- | .240 |
| Tangibles of the academic services | .209 | .037 | 5.720 | .000 |
| Adjusted R Square = 0.964 | | Std. Error of the Estimate = 0.155 | | |
| Value of F = 231.97 | | Significant = 0.000 | | |

The analysis above, at R square value of (0.96) indicates that all dimensions of service quality for academic services are associated positively and significantly (0.00) with non-academic staff's satisfaction except for empathy, as the proposed relationship is found to be negative and insignificant (0.24), hence, H5 is partially supported.

Table 9: Multiple Regression Analysis between Service Quality Dimensions for non academic services and Non-academic staff's Satisfaction.

| Model | Unstandardized Coefficients | | T | Sig. |
|---|-----------------------------|------------------------------------|--------|------|
| | B | Std. Error | | |
| (Constant) | .321 | .081 | 3.979 | .000 |
| Reliability of the non-academic services | .395 | .044 | 9.003 | .000 |
| Responsiveness of the non-academic services | .154 | .048 | 3.193 | .002 |
| Assurance of the non-academic services | .187 | .052 | 3.588 | .001 |
| Empathy of the non-academic services | -.030- | .046 | -.653- | .516 |
| Tangibles of the non-academic services | .191 | .034 | 5.625 | .000 |
| Adjusted R Square = 0.952 | | Std. Error of the Estimate = 0.126 | | |
| Value of F = 362.582 | | Significant = 0.000 | | |

The above table indicates that, at R square value of (0.95), all service quality dimensions of non-academic services are positively and significantly (0.00) are associated with non-academic staff's satisfaction, however, empathy found to be negatively but insignificantly associated, hence H6 is only partially supported.

In order to test the relationship between staff's satisfaction and students' satisfaction, person correlation analysis was conducted as below:

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Table 10: Pearson Correlation between Staff’s Satisfaction and Students’ Satisfaction.

| Satisfaction | | Students satisfaction |
|--------------------|---------------------|-----------------------|
| Staff satisfaction | Pearson Correlation | .722** |
| | Sig. (2-tailed) | .000 |
| | N | 1411 |

The above table shows the person correlation between staff satisfaction and students satisfaction on the quality of the higher educational services provided and found the correlation between the two variables at (0.72) with significancy level of (0.00) indicating high and significant relationship between staff’s satisfaction and students’ satisfaction and thus H7 is accepted.

FINDINGS AND CONCLUSIONS

Measuring service quality in the higher education institution is very important to retain the internal stakeholders. Perception of quality could vary for various stakeholders. The findings of this research indicated positive and significant relationship between all service quality dimensions, i.e., reliability, responsiveness, assurance, empathy and tangibles at significant level (≤ 0.05), however the effect of responsiveness of the academic services on academic staff’s satisfaction, the effect of empathy of the academic services on Non-academic staff’s satisfaction and the effect of empathy of the non-academic services on Non-academic staff’s satisfaction were not supported. The findings also indicate a positive and significant relationship between staff’s satisfaction and students’ satisfaction in higher education private institutions. The findings of this research is believed to be of importance to decision makers in academic institutions as a clear positive and significant relationships were established between most of the dimensions of service quality and students’ satisfaction, academic staff’s satisfaction, and Non-academic staff’s satisfaction, and most importantly, a positive relationship was also detected between staff’s satisfaction and students’ satisfaction.

Based on the findings of this research, Human Resources Departments in higher education institutions need to pay attention to staff’s satisfaction as it found to be positively and significantly associated with students’ satisfaction, a cause-and-effect could be proposed based on this findings. Furthermore, higher education institutions may measure their services in the light of the new modified model and dimensions of SERVPERF that incorporate perceptions of several internal stakeholders. The findings of this research also clearly indicates that both services, i.e., academic and non-academic services are important in achieving internal stakeholders’ satisfaction.

RESEARCH LIMITATIONS AND RECOMMENDATIONS

The study focused mainly on the private higher education institutions in UAE, whereas the number of respondents is remarkably high when it comes to students, the participation from academic staff and non-academic staff is not that much high, hence, creating possibility of conducting the same research by soliciting more responses from the staff. Furthermore, more academic institution can also participate in similar studies and future research also can include governmental academic institutions as well. It will be interesting to make comparative studies across private and public universities to see if the same results can be produced, doing this research in other countries can also be insightful

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