IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 21, Issue 9. Series. IV (September. 2019), PP 10-16
www.iosrjournals.org

Service Quality Dimensions of Business Schools in Nepal

Surya Bahadur Rana, Ph.D.[1]
Corresponding Author: Surya Bahadur Rana, Ph.D.

Abstract: *This paper examines the factors associated with service quality dimensions of Nepalese Business Schools as expected by the students. Based on the sample of 616 business students associated with four universities in Nepal, and using exploratory factor analysis, this study documents that three factors, namely students' relation, tangibility and reliability, are important in determining the service quality of the business schools in Nepal. The results also show that these three factors are basically related to business school's interactions with students, and suggest the quality of informed and empathic responses of the service provider to service users that communicates the business school's concern, readiness, sensitivity and ability to satisfactorily address concerns, and meet the needs and requirements of students. The result of confirmatory factor analysis in this paper also confirms the derived dimensions of the exploratory factor analysis.*

Date of Submission: 13-09-2019 Date of Acceptance: 01-10-2019

I. Introduction

Service quality is a dominant issue in conducting any business today. Not only is superior quality linked to business success but some consider service quality to be a prerequisite for the survival in the marketplace (Parasuraman et al., 1985). In fact, service quality is the decisive factor for any service organization to create the difference and obtain competitive advantage. Quality changes the nature of business competition and, perhaps more than any other factor, it dictates how organizations make products or deliver services.

The changing business environment offers challenges and opportunities to the organizations. The changing customers' perception of quality poses unique challenge. Excellence in quality has become an imperative for organizational sustainability (Lewis & Booms, 1994). The developments of technologies have enabled organizations to provide superior services for customers' satisfaction (Aldlaigan & Buttle, 2002). This development has triggered considerable interests in research on the management of quality in recognition that service quality aspects have the greatest strategic differentiation potential for achieving sustainable competitive advantages (Aldridge & Rowley, 1998; Babakus & Mangold, 1989).

Service quality derives from the field of marketing which values the human interaction between a business and its customers (Liljander & Strandvik, 1993). It incorporates the concept of meeting and exceeding customer expectations and it is generally accepted that better service quality impacts positively on an organization's performance and competitive positioning (Zeithaml et al., 1990). Parasuraman et al. (1985) define service quality as a gap between customers' expectations and the performance they actually receive. Similarly, Teas (1993) suggests that service quality is the degree to which a customer's perceived expectations are met based on a subjective judgement of the service transaction.

Service quality issues have aroused considerable interest among business people and academicians in recent period. Of course, buyers have always been concerned with quality, but the increasingly competitive market for many services has led consumers to become more selective in services they choose. Conceptualizing the quality of services is more complex than for goods. Service quality is a critical element of customer's perceptions. In the case of pure services (for instance, health care, financial services, education), service quality is the dominant element in customers' evaluations. In cases where customer service or services are offered in combination with a physical product (for example, IT services, auto services), service quality may also be very critical in determining customer satisfaction. Providing the quality service to attract and retain customers has been recognized as a strategic requirement in highly competitive business environment (Parsuraman et al., 1985; Zeithaml et al., 1990).

The quality of service that can be applied to universities, especially to private universities, differentiates them from their public counterparts. Private Higher Education Institutions (HEIs) while attempting to compete at academic levels with other HEIs should offer an added advantage to champion quality services to their students. Notably, it can even be assumed to be an important road to the competitive excellence for the service oriented organizations as by neglecting these aspects of quality services will put such organizations at a competitive disadvantage compared to its counterparts because most of its revenues are enrollment related thus

[1] *Dr. Rana is Lecturer at Tribhuvan University, Butwal Multiple Campus, Butwal, Nepal. He can be reached at surryabrana@gmail.com.*

affecting its financial health (Yonggui, 2003). In between of these issues, it is important to recognize that what factors are expected with respect to the service quality associated with business schools. Thus, this paper basically focuses on exploring the service quality dimensions of Nepalese business schools.

The rest of this paper is organized as follows: section II discusses on the statement of problem; section III deals with the methodological issues of the study; section IV presents and discusses the study results and section V concludes.

II. Statement of the Problem

The most striking aspect of services is that they are essentially intangible. It is because of intangibility that they generally escape human attention. Customers do not appreciate the service just as they do in case of goods. Services are largely ignored, for there is nothing to show when the money is spent on services. Services come in the form of some actions that are directed at the customers or their possessions. The actions or deeds lead to creation of value that is desired by customers. Services, in most cases, involve transfer of some intangible benefits.

In today's competitive academic environment where students have many options available to them, factors that enable educational institutions to attract and retain students should be extensively studied. HEIs, which want to gain competitive edge in the future, may need to begin searching for effective and creative ways to attract, retain and foster stronger relationships with students. Alridge and Rowley (2001) rightly argue that an expectation that cannot be fulfilled on the institutions is the key factors for students' withdrawal. Kanji et al. (1999) argue that most academic institutions do give a great deal of importance to meeting customers' expectations which is similar to business organization, but they still lack customer awareness among the staff, and it has become a common drawback for many institutions. Hence understanding the quality preference of students as a customer of higher HEIs is an important issue to explore to which this study is directed.

The main purpose of this study is to identify the factors associated with service quality dimensions as expected by students in Nepalese business schools. Business schools in Nepal are increasing day by day. The enrollment of the students in business school is in steadily increasing order. Due to this trend not only Nepalese universities but also some foreign universities are showing their interest for expansion. With the different slogans, they are claiming their quality aspects. In this context, how their quality aspects are expected by the students is an important issue. Therefore, this study is an attempt toward identifying the factors associated with service quality dimensions as expected by Nepalese business students.

III. Methodology of the Study

This study adopts the service quality dimensions, namely tangibility, reliability, responsiveness, assurance and empathy, proposed by Zeithaml et al. (1990) to confirm them in the context of Nepalese business schools. For the purpose of data gathering, this study uses self administered questionnaire survey method to record the expectations of respondents with respect to satisfaction towards service quality of business schools in Nepal. The questionnaire consists of 20 statements representing five service quality dimensions-four for each measured on 6-point Likert Scale.

The population of this study comprises of undergraduate BBA students of the business schools in Nepal. Total of 97 business schools offering graduate level of management program, especially B.B.A, form the population of this study. The study is based on respondents from 18 business schools associated with four universities in Nepal. The sample list includes 4 colleges affiliated to Tribhuvan University, 3 colleges affiliated to Kathmandu University, 6 colleges affiliated to Pokhara University, and 5 colleges affiliated to Purbanchal University. A total of 700 questionnaires were distributed to the business students associated with different business schools in the sample and study results are based on a sample of 616 students. The population and sample from each university used in this study are reported in Table 1.

Table 1: Population and Sample Characteristics

Name of University	Total Number of Business Students (N)	Total Number of Business Schools	Number of Business Schools in Sample	Sample size (n)
Tribhuvan University	7,206	18	4	170
Pokhara University	10,245	49	6	182
Kathmandu University	880	4	3	119
Purbanchal University	5,860	26	5	145
Total	24,191	97	18	616

This study uses both exploratory and confirmatory factor analysis to identify the factors associated with service quality of business schools in Nepal as expected by students. The approach used consists of exploratory factor analysis, regrouping of items, confirmatory factor analysis and testing the validity and reliability of

emerged dimensions. Statistical data analysis for factor analysis is similar to the approach used by April and Pather (2008). Exploratory factor analysis (EFA) has been used to reduce large number of variables down to a smaller number of components. Following Bahia and Nantel (2000), Maximum Likelihood approach of extracting factors has been used recognizing the non-normality in data. Similarly, Direct Oblimin rotation has been used to obtain the rotated solution. Confirmatory factor analysis (CFA), with the Maximum Likelihood extraction method and Oblimin rotation, has been conducted to confirm the dimensionality of the derived instrument.

IV. Study Results

Table 2 shows the dimensions and indicators of service quality along with the respective codes assigned to each statement for the purpose of factor analysis.

Exploratory Factor Analysis

Exploratory factor analysis (EFA) has been used to reduce large number of variables down to a smaller number of components. Bahia and Nantel (2000) recommended using Principal Component Analysis (PCA) since it has the potency of revealing the underlying structure of the latent variables with an appropriate rotation method. They also advice that Maximum Likelihood of extracting factors give the best results, depending on whether data are generally normally-distributed or significantly non-normal. They further recommend for the use of Direct Oblimin rotation. Based on the methodological recommendations from the literatures, this study used Maximum Likelihood extraction method with Direct Oblimin rotation method for EFA.

Table 2: Service Quality Dimension and Indicators

Codes	Dimension and Indicators
	Tangibility
TAN1	I expect business school to use modern equipment in teaching and learning process.
TAN2	I expect business school with all physical facilities which are visually appealing.
TAN3	I expect to influence from the standard dress code of the business school.
TAN4	I expect to enjoy and to be creative with the different recreational facilities available within the business school.
	Reliability
REL1	I am sure that the standard of entrance examination of the business school is not less than any other international esteemed business school.
REL2	I am hopeful to be benefited from the co-curricular activities such as seminars, training and guest faculties arranged by the business school in the regular basis.
REL3	Very genuine and fair assessment of the student's performance is the unique feature of the business school.
REL4	I expect that business school is able to insist global trend for making the course as relevant.
	Responsiveness
RES1	I expect to get sufficient teaching materials like handouts and slides from the concerned teaching faculties of the business school.
RES2	I am hopeful to learn practical aspects of my knowledge through the internship facilities managed by the business school.
RES3	I expect very keen interest of the faculty members to help the students in their troubles.
RES4	I expect no delay service in library, account and other sections in the business school.
	Assurance
ASS1	I expect the business school is very rich with experienced, diligent, cooperative and inspirational faculty.
ASS2	I expect to get very friendly, polite and service oriented behavior of the staffs.
ASS3	I am hopeful to obtain higher grades and relevant knowledge from the business school.
ASS4	I expect very confident and truthful services from the family of the business school.
	Empathy
EMP1	The students of business school expect to be benefited from the attractive scholarship schemes.
EMP2	I expect to be in touch of the business school through regular contact.
EMP3	I feel all the staffs of the business school will be available to help me whenever required.
EMP4	I expect the operating schedule of the business school will be more convenient for me.

The study performed EFA on all five dimensions with twenty items. For simplicity, each statement of the questionnaire was coded as TAN1, TAN2, REL1, REL2 and so on (see Table 2). Bloemer (1998) suggests factor loading above 0.6 is considered high while factor loading greater than or equal to 0.3 is considered moderately high. Based on this recommendation, this study uses factor loading of 0.4 as the cut-off point. Similarly, no items should have multiple factor loadings greater or equal to 0.4. And lastly, no factors should have only one high loading item. Other factor loadings that do not satisfy the above criteria are considered meaningless and can be safely removed, while the high loading factors are critical factors and therefore can be retained.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.906
Bartlett's Test of Sphericity	Approx. Chi-Square	2.907 E3
	DF	190
	Sig.	0.000

Table 3 shows a result associated with test of sampling adequacy. The high value of 0.906 for the Kaiser-Meyer-Olkin Measure of sampling adequacy indicates the suitability of the research data for structure detection. Similarly, Bartlett's Test of Sphericity also shows sample size is significant for factor analysis indicating that the variables are not unrelated.

Table 4: Pattern Matrix

	Factor			
	1	2	3	4
TAN1	.204	**.439***	-.210	-.077
TAN2	-.125	**.793***	.000	.039
TAN3	.032	.286	.099	.008
TAN4	.038	.210	-.123	.258
REL1	-.092	.012	.106	**.505***
REL2	.266	-.007	-.162	.323
REL3	.121	-.004	-.061	**.473***
REL4	.166	-.006	-.074	**.536***
RES1	.315	.142	-.143	.149
RES2	**.424***	.059	-.208	.165
RES3	.339	.033	.060	.033
RES4	**.470***	.148	-.026	-.008
ASS1	**.496***	.026	.075	.084
ASS2	**.673***	.056	-.067	-.043
ASS3	**.675***	-.074	-.273	.089
ASS4	**.687***	-.038	-.081	.010
EMP1	**.456***	.061	.179	.094
EMP2	**.482***	.014	.381	.111
EMP3	**.617***	.012	.363	.004
EMP4	.337	.089	.255	.197

The results of EFA have been reported in Table 4. The EFA extracted a total of four factors with Eigen Value above 1. However, third factor had no significantly high loading items and therefore was eliminated together with six items because they did not satisfy the criteria set for factor loading selection. Factor loadings equal to or above 0.4 and the items retained have been indicated by asterisk (*) sign.

Regrouping of Items

As shown in Table 5, factor 1 consists of total nine items from responsiveness, assurance, and empathy. Factor 2 is associated with 2 tangibility items, Factor 3 has none of the items retained and Factor 4 has 3 items from reliability. The labels were intuitively chosen based on the meaning suggested within the context of business schools service quality dimensions.

Table 5: Regrouping and Renaming of Questionnaire Items

Emerged Factors	**Retained Items**	**Labels for Component Dimension**
1	RES2, RES3, ASS1, ASS2, ASS3, ASS4, EMP1, EMP2, EMP3	Student Relation
2	TAN1, TAN2	Tangibility
3	None	
4	REL1, REL3, REL4	Reliability

Factor 1 is a good combination of responsiveness, assurance and empathy items. Responsiveness items are: I am hopeful to learn practical aspects my knowledge through the internship facilities managed by the business school (RES2), and I expect very keen interest of the faculty members to help the students in their troubles (RES3). Assurance items are: I expect the business school is very rich with experienced, diligent, cooperative and inspirational faculty (AsSS1), I expect to get very friendly, polite and service oriented behavior of the staffs (ASS2), I am hopeful to obtain higher grades and relevant knowledge from the business school (ASS3), and I expect very confident and truthful services from the family of the business school (ASS4). Empathy items are: The students of the business school expect to be benefited from the attractive scholarship schemes (EMP1), I expect to be in touch of the business school through regular contact (EMP2), and I feel all the staffs of the business school will be available to help me whenever required (EMP3).

These items basically relate to a business school's interactions with students, and suggest the quality of informed and empathic responses of the service provider to service users that communicates the business school's concern, readiness, sensitivity and ability to satisfactorily address concerns, and meet the needs and requirements of students. These items focus on the students' expectation of the service provider's behavior towards handling students' need. Therefore, appropriate label for this factor was '*Student Relations'* of service quality aspects of the service provider towards students.

Factor 2 contained only two items from the original Tangible dimension. Last two items of the original Tangibles items were eliminated. This refers to the visible appearances of all representations of the service provider to the outside world seen in such things as use of modern equipment in teaching and learning process and visibility of physical facilities. Factor 3 had none of the item retained so that this factor was dropped from consideration. Factor 4 had three items from the original Reliability dimension. The second item of the original Reliability items was eliminated. This refers to the standard of entrance examination of the business school, very genuine and fair assessment of the student's performance, and ability of business school to insist global trend for making the course relevant. Hence, EFA explored three factors, namely student relation, tangibility and reliability, determining the service quality of business schools in Nepal.

Confirmatory Factor Analysis

The next step of factor analysis calls for Confirmatory Factor Analysis (CFA) on the 14 items retained for three factors extracted in the EFA process. The confirmatory factor analysis has been conducted to confirm the robustness of the results as such that the explored factors reconfirm to the process. The Maximum Likelihood extraction method with Oblimin rotation was used to confirm the dimensionality of the derived instrument. The results are reported in Table 6.

Table 6: Pattern Matrix

	Factor		
	1	2	3
TAN1	.239	**.478**	-.119
TAN2	-.127	**.701**	.085
REL1	.029	.042	**.531**
REL3	.338	.026	**.423**
REL4	.381	.057	**.458**
RES2	**.497**	.113	.014
RES4	**.424**	.196	.158
ASS1	**.490**	.055	.298
ASS2	**.529**	.062	.147
ASS3	**.871**	-.083	-.101
ASS4	**.615**	-.051	.124
EMP1	**.428**	.044	.182
EMP2	**.741**	-.034	.021
EMP3	**.654**	-.029	.163

The results of confirmatory factor analysis again confirm that the same 9 items are associated with factor 1, two items are loaded to factors 2 and 3 items are highly loaded to factor 3. With factor loading values above 0.4, seven items – TAN1, REL3, REL4, RES2, RES4, ASS1, and EMP1 - could be considered as moderately high. With factor loading equal above 0.5, two items- REL1, and ASS2-could be described as high. Finally, 5 dimension items are considered strong with values above 0.6. Thus, the results of the CFA provide strong evidence to confirm the derived dimensions of the EFA in Table 4.

Validity and Reliability

Finally, the study also attempted to ensure the validity and reliability of the results obtained from EFA and CFA. There are different dimensions of validity. For example, instrument validity refers to whether the statistical instrument measure what it is intended to measure, that is, accuracy of measurement of content (Cooper & Schindler, 2006). Content validity refers to whether a measurement instrument has adequate and representative coverage of the concepts in the variables being measured. Reliability refers to whether a measurement instrument is able to yield consistent results each time it is applied. It is the property of a measurement device that causes it to yield similar outcome for similar inputs. Statistically, a Cronbach alpha measurement can be used to determine reliability of a measurement instrument*al*. A Cronbach alpha value of 0.7 and greater is considered reliable (Straub *et al*., 2004).

Content validity is usually achieved by seeking opinion of other investigators or experts. Construct validity has to do with measuring an instrument to an overall theoretical framework in order to determine whether the device confirms a series of hypothesis derived from an existing theoretical framework. In this study, the questionnaire items were based on literature reviews and experts' review to ensure its content and construct validity.

Straub *et al*. (2004) argues that convergent validity and discriminant validity are the two main aspects of construct validity, which can be deduced from the CFA results. Since the items converge strongly to the derived dimensions, good convergent validity is indicated in the strong factor loadings. Also discriminant validity can be deduced because the factor loadings indicate that the items do not overlap across different dimensions.

Table 7: Reliability Statistics

Emerged SQ Dimensions	Number of Items	Cronbach Alpha
Student Relation	9	0.827
Tangibility	2	0.724
Reliability	3	0.736
All Dimensions	14	0.829

On the other hand, reliability refers to whether a measurement instrument is able to yield consistent results each time it is applied. It is the property of a measurement device that causes it to yield similar outcome for similar inputs. A Cronbach alpha measurement was used to determine reliability of a measurement instrument in this study. Generally a Cronbach alpha value of 0.7 and greater is considered reliable (Straub *et al*., 2004). The Cronbach alpha values in Table 7 for each dimension are greater than 0.7 and the composite alpha for all fourteen items is 0.829, which indicates good reliability.

V. Conclusion

This paper examined the factors associated with service quality dimensions of Nepalese Business Schools as expected by the students. Based on the sample of 616 business students associated with four universities in Nepal and using exploratory and confirmatory factor analysis approach, the study identified three factors namely students' relation, tangibility and reliability as common factors determining the service quality of the business schools in Nepal. Exploratory factor analysis extracted a total of four factors with Eigen Value above 1. However, third factor had no significantly high loading items and therefore was eliminated. Thus, three factors basically relate to a business school's interactions with students, and suggest the quality of informed and empathic responses of the service provider to service users that communicates the business school's concern, readiness, sensitivity and ability to satisfactorily address concerns, and meet the needs and requirements of students. The results of confirmatory factor analysis again confirmed the derived dimensions of the exploratory factor analysis.

References

[1]. Aldlaigan, A., & Buttle, A. (2002). A new measure of banks' service quality. *International Journal of Service Industry Management, 13*(4), 362-381.

[2]. Aldridge, S., & Rowley. J. (1998). Measuring customer satisfaction in higher education. *Quality Assurance in Education, 6*(4), 197–204.

[3]. Alridge, S., & Rowley, J. (2001). Quality in higher education. *International Journal of Service Marketing, 21*(5), 233-242.

[4]. April, G. D., & Pather, S. (2008). Evaluating service quality dimensions within e-commerce SMEs. *Electronic Journal Information Systems Evaluation,11*(3), 9-124.

[5]. Babakus, E., & Mangold, W. G. (1989). Adapting the SERVQUAL scale to hospital services: An empirical investigation. *Health Service Research, 26*(6), 767-80.

[6]. Bahia, K., & Nantel, J. (2000). A reliable and valid measurement scale for the perceived service quality of banks. *The International Journal of Bank Marketing, 18*(2), 84-91.

[7]. Bloemer, J. (1998). Investigating derivers of bank loyalty: The complex relationship between image, service quality and satisfaction. *International Journal of Bank Marketing, 16*(7), 276-286.

[8]. Cooper, D. R., & Schindler, P. S. (2006). Business research methods: Empirical investigation. *Journal of Service Research, 1*(2), 108-28.

[9]. Kanji, G. K., Abdul, M., Bin A. Tambi, & Wallace, W. (1999). A comparative study of quality practices in higher education institutions in the US and Malaysia. *Total Quality Management Journal*, *10*(3), 357-371.
[10]. Lewis, R. C., & Booms, B. H. (1994). The marketing aspects of service quality. In Berry, L., Shostack, G. and Upah, G. (Eds). *Emerging Perspectives on Services Marketing, American 7*(3), 67-87.
[11]. Liljander, V., & Strandvik, T. (1993). Estimating zones of tolerance in perceived service quality and perceived service value. *International Journal of Service Industry Management*, *4*(2), 6-28.
[12]. Parasuraman, A., Zeithaml, V.A., & Berry, L.L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing, 49*, 41-50.
[13]. Straub, D., Boudreau, M., & Gefen, D. (2004). Validation guidelines for IS positivist research. *Communications of the Association for Information Systems*, *13*, 380-427.
[14]. Teas, R. K. (1993). Expectations, performance evaluation, and consumers' perceptions of quality. *Journal of Marketing*, *7*(4), 18–34.
[15]. Yonggui, W. (2003). The Antecedents of service quality and product quality and their influences on bank reputation: Evidence from the banking industry in China. *Managing Service Quality Journal , 13*(1), 72-83.
[16]. Zeithaml, V. A., Parasuraman, A., & Berry, L. L. (1990). *Delivering Quality Service*, *Balancing Customer Perceptions and Expectations*. New York: Free Press.

IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with Sl. No. 4481, Journal no. 46879.

* Surya Bahadur Rana, Ph.D. " Service Quality Dimensions of Business Schools in Nepal". IOSR Journal of Business and Management (IOSR-JBM), Vol. 21, No. 9, 2019, pp. -.10-16