

# Managerial and Economic Issues Associated with Service Quality – the Case of the University of KwaZulu Natal

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**Abstract**—The University of KwaZulu-Natal (UKZN) is a South African university that has established itself as a well recognized institution of tertiary learning and quality research. To compete in a very competitive arena, the university has to set itself apart from others. UKZN can do so quite strategically by providing high quality services that can serve as a competitive advantage. This paper aims to highlight the managerial issues associated with service quality, economic issues associated with the tertiary education sector and economic issues associated with service quality. In this study, a quality survey was conducted on students at UKZN, to determine their level of customer satisfaction. The results emanating from the study would help provide management of the university with suitable recommendations to enhance the service experience provided to its students.

**Index Terms**—Service quality, competitive advantage.

## I. INTRODUCTION

A university is a service organization that has at its disposal various management tools that can help it create a competitive advantage. One such tool is instilling ‘quality’ within all its structures. However, to fine tune ‘quality’ as a competitive advantage, management has to take into account the issues associated with quality that can positively or negatively impact on its viability and continued strategic strength within the institution. There are various managerial issues associated with service quality. For this paper, the researcher will pay particular attention to, developing a culture of service quality, ethics, identifying and building strategically important stakeholder relationships, developing a customer relationship management system and developing and maintaining a performance management system.

## II. CONCEPTUALIZING QUALITY

When conceptualizing ‘quality’, there are various views and debates surrounding this abstract concept.

Some of the views are discussed briefly below.

“Quality is a consumer-generated comparative judgment, since individuals have no implicit sense of quality unless a standard of comparison is provided,” (Oliver, 1997:163). Quality is “the extent in which the service, the service process and the service organization can satisfy the expectations of the user” (Kasper, van Helsdingen, & de Vries, 1999:188). Batesman (1992:494) adds to the debate on service quality by stating that service quality offers a way

of achieving success among competing services.

According to Naidoo (2011:4) quality dimensions within a tertiary institution refers to quality in terms of well skilled academic staff; quality of program offering and its value and relevance to the labour market; quality in terms of good facilities, equipment, lecture and recreational venues; quality in terms of good administration staff who are efficient in administration and dealing with student affairs; quality in terms of safety of the students at campus; quality in terms of research output; quality in terms of scholarships and funding facilities available to students within the campus; ranking of the university within the country; global recognition of the university and the universities commitment to international student enrolments.

## III. MANAGEMENT ISSUES ASSOCIATED WITH QUALITY

When observing the various management issues associated with service quality within UKZN, the following key issues were raised and are highlighted below.

From the onset, within any well established service organization such as UKZN, management needs to emphasize on *developing a culture of service quality*. Metters et al (2006: 196) argues that companies who regularly deliver quality services usually have a corporate culture that encourages and supports quality throughout the company. Starting at the very top and moving down through the ranks to the newest employee, these companies not only “talk the talk” but also enthusiastically “walk the walk” together as a team. Metters et al (2006:196-199) comments that companies that provide not just good services but outstanding services have H.E.A.R.T in their corporate culture. They live and breathe the philosophy of:

- Hire the right people - Hire the right people and treat them with respect. Analysis of successful service companies show cultures that value each employee. Quality cultures recognize that you must hire the best people you can find who already support your corporate values and then train them for the skills you need. Find people with the right spirit, are other people oriented, are outgoing, and work hard.
- Educate and train them well - A common theme at companies with a quality culture is an excellent ongoing training program. New hires are immediately immersed in the company’s culture, learn its value, and become a valued team member.
- Allow them to fix anything - Quality culture requires the empowerment of employees to do whatever is required to create a satisfactory customer service experience.

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- Recognize and reward them regularly - Rewards are a key element in developing a quality culture, both on an individual and team basis. Set up recognition programs for people and teams. Most such recognition should be more symbolic than material. It should reward behaviors and actions that support the culture values of “we’re all in this together” or open communication or process improvement and so on.
- Tell them everything, every day.

The above philosophy can also be adopted by UKZN, in its quest to enhance a culture of service quality.

*Ethics* is another important management consideration. Honesty, conflict of interest, discrimination by age, sex or race, bribery, whistle-blowing, accuracy of books and records, privacy of employee records, misuse of company assets, corporate governance issues, issues in negotiation, employee discipline, mergers and acquisitions, drug and alcohol abuse and intelligence gathering are ethical issues that the university management encounter.

Apart from students and its employees it is important to note that a university is an organization that needs to *identify and build strategically important stakeholder relationships*. These relationships should be built on honesty, trust and integrity. Honesty, trust, integrity are all factors that relate directly to the image and reputation of a university. The reputation and image of a university is thus important service quality variables that makes a university unique and worth working with and studying at, and under no circumstances should its integrity be compromised. Brink et al (2004:136) indicates that it is crucial for an organization to understand the values and expectations of each stakeholder group in order to determine their willingness either to help or hinder the organization in striving towards its vision. Positive matching of the needs and objectives of the stakeholders and the organization is therefore required for a lasting relationship.

*Developing a customer relationship management system* (CRM System) that can track complaints and give an indication of the quality perception of its’ students is another important management consideration that can impact on the quality aspect of the service provided by UKZN. If the university has a good customer relationship management system in place then this department can collect data on students that can help management identify problems in the delivery process, loyalty, satisfaction, complaints and compliments received.

*Return on quality (ROQ)* is another crucial managerial concern associated with service quality. Management of UKZN invest a lot of time and money in getting the service quality equation right. According to Kasper et al (2006:201-202) the pursuit of quality service will bring with it happy and loyal customers. These customers in return will spend a greater share of wallet, carry reputation far and wide through word of mouth and keep coming back.

People within the organization drive quality. A *Performance management system* is another valuable management tool that can be used to improve quality performance and enhance productivity within the organization. Performance evaluation at university level should focus on common themes like individual

development, management, training, human resources planning, standards of performance, career progression, opinion surveys and fair treatment.

#### IV. ECONOMIC ISSUES ASSOCIATED WITH THE TERTIARY EDUCATION SERVICE SECTOR

The recession has raised its ugly head and racked havoc on world economies across the globe. Every facet of industry has been touched by the recession and its crippling hand in some way or another. The service industry, with specific reference to the tertiary education sector has been hard hit as well. According to University World News (2009:1) the key effects of the recession on Canadian post-secondary education put forward by the Education Policy institute (EPI) was as follows:

- The collapse in equities affects institutions’ endowments and pension liabilities thus reducing income and increasing expenditure in the short-term.
- The real-economy recession will create new patterns of post-secondary attendance (rising college and graduate school enrolment; falling apprenticeships registrations) which will both raise institutional costs.
- Worsening labour market conditions will affect student income and cause student aid budgets to balloon.
- Two or three years out, significant cuts in government operating grants to institutions can be expected as governments try to bring budgets out of deficit which, in turn, will result in a number of challenging financial years ahead for universities and colleges.

In South Africa as well similar challenges raised above are also faced by our universities. Our universities rely heavily on public funding and donors. However, the government grants and subsidies and donor funding has slowly begun to dwindle. Hooley (2009:2) argues that during the recession there is a strong chance of cuts in public funding to universities and non-government income is also likely to decrease. This has led to an increasing number of retrenchments, restructuring and downsizing initiatives made by management of universities. Whatever its’ called retrenchment, downsizing, restructuring, the recession has made universities in South Africa re-look at themselves and re-think their continued survival.

To survive many universities in South Africa, like UKZN for example are restructuring and getting rid of excess staff. UKZN had inherited a lot of surplus staff after the merger of the University of Durban Westville and the University of Natal. Services that were duplicated under the merger would now be removed under the restructuring and reconfiguration at all levels and structures within UKZN. This restructuring strategy undertaken at UKZN brings with it downsizing of staff across board from administration, management and student support service areas. This decision was a hard one to take, but management had to look at the future sustainability of the institution.

Academics too have been hard pressed by the demands of the recession, as they are being forced to publish, publish,

publish... to harness more income for their universities. In South Africa, if academics publishing SAPSE accredited journal articles, the university gets hundreds of thousands of rands in funding from the Department of Higher Education. A small portion goes to the academic that can be accessed for conferences and research. The other major portion goes towards the central university budget. This funding is used by the university its faculties and departments to buy new computers, increase its staffing or student internships within the department, continue sponsorship of educational and research trips for post-graduate students, refurbishing staff venues, equipment and offices, buying more books and promoting staff to go on research workshops and conferences.

Another stakeholder of the university hit hard by the recession is the students. The recession has cut costs and the paying students in most cases become the only income generator. Zernike (2009:1) indicates that due to the recession students are paying more, and a greater share of the costs.

However a way forward for universities to stimulate income generation and sustain their programmes and staff complement is for them to embark on increasing the recruitment of foreign students into their universities. Hill et al (2003:43) strongly suggests that going offshore to capture a larger share of the education market is a strategy that the vast majority of education institutions have adopted. According to Globalization 101 (2010:1) as more and more students are choosing to pursue their higher education in foreign countries, this trend has created significant economic impact.

MacGregor (2010:1) argues that South Africa is the eighth most popular destination for international students in the world, with 2.2% of global share, and it is the only country in Africa that receives far more students than it sends abroad. One of the contributing reasons to our high international student numbers is that the government of South Africa is committed to promoting international student recruitments. MacGregor (2010:2) states that growing international student numbers has been a explicit policy of the South African government. The National plan for Higher Education targeted increased recruitment of students from SADC, particularly postgraduates.

#### V. ECONOMIC ISSUES ASSOCIATED WITH SERVICE QUALITY

From the above discussion it can be clearly seen the impact of the recession on the tertiary education sector. A way forward to survive the recession is for universities to recruit international students. How does this tie up with service quality? Simple, when universities put together their promotional strategies to attract foreign students, a key ingredient in their campaign should be their high levels of service quality that they provide to international students. If international students are shown affordable tertiary education fees coupled with high levels of service quality involved in their student housing, to registration and library and internet access then this can be a universities competitive advantage in attracting and retaining their international student complement. At UKZN, the International Student Office and its staff are trained to help

international students in their registration, housing and getting them settled in a foreign country.

Attracting and retaining local students are also an important strategic marketing drive that management of a university embarks on. Students are the major income drivers for universities. To attract and retain these students universities have to be market driven and have at their disposal a competitive edge like high quality service offerings. According to Lovelock et al (2011:404) marketing's interest in service quality is obvious: poor quality places a firm at a competitive disadvantage driving away dissatisfied customers.

Clow and Vorhies (1993:22-23) also comment that "quality is the lifeblood that brings increased patronage, competitive advantage and long term profitability". Batesman (1992:494) adds to the debate by stating that service quality offers a way of achieving success among competing services.

So the idea is to develop marketing programs around the concept of quality within the service offering. Attempts to improve student satisfaction within tertiary institutions can be achieved if staff were motivated, educated and trained to deliver quality services.

Another important marketing consideration with regards to quality is the issue of branding. With respect to UKZN it is a brand that is synonymous with quality education, well skilled academics and state of the art resources, systems and technologies that form the core of delivering quality education to its students. According to Bruhn et al (2006:275), brands are important assets of a firm and the source of competitive advantage and firm value. Brands drive customer behaviour: in many purchasing decisions the customer decides on the "best brand". Navarro et al (2005: 53-65) in their research study further commented that satisfied and happy students are likely to recommend their institutions to other students, which results in student retention and eventually attracting new students.

#### VI. FINDINGS

A structured questionnaire was administered to a sample of 380 students at all five campuses of UKZN namely, Edgewood campus, Nelson Mandela Medical School campus, Howard campus, Pietermaritzburg (PMB) campus and Westville campus. The students were randomly chosen. They made up both local and international students. A response rate of 100% was achieved. The sample size was calculated using Krejcie and Morgan (1970) tables on sample size for a given population. According to Cavana et al (2002:278), for a population of 40000 the sample size would be 380 respondents. The questionnaire was adapted from the SERVQUAL instrument developed by Parasuraman et al. The results of the findings indicated that students' expectations were exceeded resulting in large service quality Gaps. Table 1 below illustrates the comparison of quality GAP scores of students at the different campuses.

The results indicate that there is a statistically significant difference in the Tangible Gap, Reliability Gap, Responsiveness Gap, Empathy Gap and Assurance Gap for students at the five campuses at UKZN ( $p < 0.05$ ).

TABLE I: KRUSKAL-WALLIS TEST STATISTIC BETWEEN CAMPUSES FOR STUDENTS

	Student		
	a Kruskal Wallis Test		
	B Grouping Variable: Campus		
	Chi-Square	Df	P
Tangibles GAP score (P-E)	10.173	4	.038*
Reliability GAP score (P-E)	15.899	4	.003*
Responsiveness GAP score (P-E)	17.186	4	.002*
Empathy GAP score (P-E)	12.979	4	.011*
Assurance GAP score (P-E)	14.293	4	.006*
Overall GAP score (P-E)	17.301	4	.002*

The highest Gaps for all five quality dimensions were recorded at the Howard College campus.

## VII. RECOMMENDATIONS

To improve quality of services within its campuses, management and staff at UKZN, should embrace a corporate culture that has at its core the concept of 'quality'. Management and staff should pride themselves to serving the university with pride and confidence and approaching students and other key role players in the tertiary sector with helpfulness and integrity. In order to develop a culture of quality, management should hire the right people, educate and train their staff well, recognize and reward staff regularly.

Since managers and their respective staff are drivers of positive quality culture it is important that the way staff perceive quality also be taken into account. Scheider et al (2004: 100) suggests that if employees perceive that they are rewarded for delivering quality services and when management devotes time, energy, and resources to service quality and when employees receive the training they require to effectively deal with diverse customers, then a positive service climate is more likely to be the theme attached to these experiences.

Management and staff at UKZN should foster a relationship with its' various stakeholders based on honesty, trust and integrity. All these factors would have a direct bearing on the overall image and reputation of a university.

Since large amounts of money is invested into developing quality service experiences, all this is done to make students and stakeholders happy and in so doing ensure the continued loyalty of student patronage each year as well as continued donor sponsorships and contributions respectively.

UKZN should have a good CRM system with the necessary technology at its advantage to gather current information on its students. It should also have a blog where students can log in their complaints, queries and suggestions.

In the case of UKZN the issue of kickbacks made to staff by students who want to gain entrance to university or kickbacks made to management by suppliers who want to gain tenders to do work at the university are some very real issues faced by management. Plagiarism in academia is also another sensitive ethical issue that many universities are dealing with. Honesty, conflict of interest, discrimination by age, sex or race, bribery, whistle-blowing, accuracy of books and records, privacy of employee records, misuse of

company assets, corporate governance issues, issues in negotiation, employee discipline, mergers and acquisitions, drug and alcohol abuse and intelligence gathering are ethical issues that the university management encounter. In the case of a university, if ethical misconduct occurs due to one of the above encounters this would affect the image and reputation of the university. If the image and reputation of the university is in disrepute then this would affect the way students and other key role-players within the tertiary sector perceive service quality at that institution.

## VIII. CONCLUDING REMARKS

Concluding remarks on the research findings were as follows:

The largest Gap scores for Tangibles were at the Howard college campus. This could be due to the campus having poor and visually unappealing servicescapes including buildings, interior, exterior, furniture, equipment and laboratories.

Howard college campus students indicated the highest Gap scores for Reliability. This could be the result of staff at this campus not understanding student needs and wants though market research. In addition, there may be poor systems and procedures in place at the campus that are not delivering reliable and consistent services to students.

Howard College campus students indicated the highest Gap scores for Responsiveness. At this campus, it is possible that the staff were poorly trained and not responding when necessary to student queries. Further, there could be no procedure manuals in place at this campus to help staff respond to questions, complaints and requests. This can result in students having to wait for a long time to receive assistance from them.

Assurance Gap scores were highest for Howard College campus students. This could be due to students having poor trust and confidence in the abilities of contact personnel.

Gap scores for Empathy were highest at the Howard College campus. It is possible that students are being made to feel unimportant by contact staff.

The conclusions reached by the study was that students at UKZN have very negative perceptions towards the five quality dimensions, of reliability, empathy, assurance, responsiveness and tangibles. The university has to spend more time and money in training its staff to provide better quality services to its students. Secondly, more money should be spent to enhance the buildings, venues, computer facilities and laboratories at the university.

By conducting quality surveys management can take an active role in identifying factors that impact on quality and steer its staff towards providing better services to its' students. Hence, enhancing service quality, can create a competitive advantage for UKZN and this can serve to attract more local and international students to its' programmes.

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