

Private Higher Education Institutions (PHEIs) in Malaysia: An Assessment of Service Quality and Students' Satisfaction

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ABSTRACT

In confronting with multiple challenges, higher education institutions need to know how they are doing in order to attract and retain students. This empirical study reports the results of a study university, UNIRAZAK in determining the service quality and students' satisfaction. **Methodology:** Employing Parasuraman's SERVQUAL-scale, the paper attempts to answer the main research question: Is there a relationship between service quality (reliability, assurance, tangibles, empathy and responsiveness) and student's satisfaction? The paper also takes a close look at their learning experience before and during the pandemic Covid-19. A total of 220 completed questionnaires were collected. **Findings:** Results show that UNIRAZAK students perceived Empathy to be the best dimension of service quality, and that there was a significant difference in the Tangibles dimension comparing pre and during MCO. **Implications:** The study implies that preparedness for eventualities had paid off during the pandemic. Although the findings pertain to UNIRAZAK, it should help other Malaysian PHEIs to better understand their current state of its services.

Keywords; Private Higher Education Institutions, service quality, students' satisfaction, online learning,

1.Introduction

Education sector used to be considered a public good and had clear societal mission, free from market pressure. However, in an increasingly globalised world, the sector is now in a competitive environment (Wee and Thinavan (2013). Even before the pandemic due to corona virus, higher education institutions are finding themselves thrust in an increasingly competitive industry. Now that higher education sector is pummeled by the Covid-19 pandemic, the environment has speeded up tremendous changes that present steeper competition. As such, universities around the world are making adjustment as they confront with multiple challenges, not just the competitive market but also in their teaching and learning (Sia and Adamu 2020). It is therefore compelling, for private higher education institutions (PHEIs) to know what are the factors that could give them the edge over their competitors and know how well they are doing.

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This paper aimed to identify factors that determine the service quality of PHEIs in Malaysia and students' satisfaction. It attempts to determine the relationship between service quality and students' satisfaction, by taking a case study at one of Malaysia's PHEIs, Universiti Tun Abdul Razak (UNIRAZAK). The aim is to find out if students are satisfied with the services provided. Employing Parasuraman's SERVQUAL-scale, the paper attempts to answer the main research question: Is there a relationship between service quality (reliability, assurance, tangibles, empathy and responsiveness) and student's satisfaction? In this context the key questions are: What are the critical factors that attract and retain students? To find out how the experience of online learning, the paper also takes a close look at their learning experience before and during the pandemic Covid-19 and the Movement Control Order (MCO).

This paper is structured as follows: First, it presents the problem statement and background of the Higher Education Institutions (HEIs) in Malaysia, followed by the literature review and the methodology. Finally, it concludes with the discussion of the findings and its contributions.

2. Problem statement and background

PHEIs worldwide are competing for students from local and abroad as student numbers determine their survival. They adopt aggressive strategies to promote their brand to attract and retain students. The global competition started in 2003 by Shanghai Jiao Tong University Institute of Higher Education with the title Academic Ranking of World Universities, followed by the London Times World University Rankings in 2004, which "triggered the transformation of world higher education" that aimed for a global ranking position in higher education (Marginson, 2010).

Asian universities are also competing to be world class universities. Some Malaysian public universities are research universities, intent on being world class universities. The Malaysian PHEIs also need to compete in terms of quality assessment practices. With limited resource, their major challenge is in producing research and providing quality teaching.

The Malaysian National Higher Education Strategic Plan Beyond 2020 recognized the potential of international student recruitment and formulated a policy in 2011 outlining the aspiration for Malaysia to become an international educational hub. The target was to increase the contribution of private education 1.5 times to 2 % of GDP in 2015 and attract 150,000 international students by 2015 (MOHE, 2012) and by 2025 the number of international students to increase to 250,000.

Many of these PHEIs are highly dependent upon the revenue from the international students. An estimate of 20,000 to 30,000 new international students are taken yearly. In 2017, statistics from Education Malaysia Global Services (EMGS) showed the international student enrolment in HEIs were: 103,198 in PHEIs and 33,095 in public universities. From the statistics, the PHEIs seemed to be doing much better in attracting foreign students. This could be due to the medium of instructions in PHEIs which are fully in English, whilst the public universities adopt the national language policy.

Currently, with the worldwide pandemic, the Malaysian government implemented the Movement Control Order (MCO) from 18 March 2020 and continued with further extensions, till current date. With the movement restrictions, many private colleges and universities all over the world are feeling the heat. In a global survey conducted on close to 10,000 HEIs from 109 countries indicated that HEIs worldwide are affected greatly in many ways. Malaysia is no exception. With the lockdown due to the onset of covid-19, and the government control over the inflow of the international students, the crisis further strains the cash flow and exacerbated further the outlook of the PHEIs in the country which are already in deep trouble (Malay Mail, 22 May 2020). The President of the Malaysia Association of Private Colleges and Universities (MAPCUs) estimated that about 100 PHEIs could close by 2020 (University World News, 2020).

Even before the pandemic, many of the PHEIs in Malaysia were already ailing. In a newspaper report (New Straits Times, Dec 3, 2018), majority of these PHEIs were operating in the red. Even before 2013, 41% of these PHEIs were making losses. After 2013, this number rose to 55%. In fact, it was reported that since 2010, the average profit before tax fell 54% and profits after tax fell 78%. Around 44% of these are technically insolvent, with increasing debts. In 2018, 53% of them were making losses before tax and 55 % of them after tax. Many are in financial debt.

2.1 Higher Education Institutions in Malaysia: Background

PHEIs in Malaysia began in the early 1970s as private colleges offering diploma courses (Sivalingam 2007). By 1990s, there were mushrooming of private universities and colleges, with the enactment of the Private Higher Education Institution Act, 1996, and Act 555 Private Higher Education. These Acts were to facilitate educational reform to produce quality graduates, to transform Malaysia into an industrialized and to enhanced the competitiveness of the economy. The goal is to achieve the target of 40% of participation rate in tertiary education and 25% in the postgraduate in 2010. The public higher education institutions alone could not meet this projected increase, and since then the number of PHEIs expanded.

Malaysia aspires to be among the world's leading education system (MOE 2015). It is now one of the leading countries in providing higher education in Asia-Pacific region (Knight & Sirat 2011; Lee 2014), and has become one of the famous study destinations for international students.

There are 20 public universities, established between 1962 and 2007, controlled and fully-funded by the government. Besides the public universities there are 53 private universities, 38 polytechnics, community colleges and university colleges and 350 colleges (MOHE; 2018), plus 10 other private universities that are branches of reputable universities from the UK, US, Australia, Ireland and China.

Public universities are regulated by Act 30 of the Universities and University Colleges Act (AUKU) whilst Private Higher Education Institution Act, 1996, and Act 555 Private Higher Education regulate the PHEIs. The regulatory bodies are the Ministry of Education, and the Malaysian Qualifications Framework (MQF). Established in September 1996, the MQF sets standards for all qualifications and accreditations of academic and training programmes. All Malaysian HEIs are subjected to a national rating known as SETARA and Malaysian Research Assessment Instrument (MyRA).

Over the last four decades, the enrolment to tertiary education has increased to approximately 44 % of Malaysians, compared to only 14% in the 1970s and 1980s (New Straits Times, May 14, 2019). In 2019, more than 1.3 million Malaysians are pursuing tertiary education, with 500,000 enrolled in the 20 public universities and more than 600,000 in the PHEIs (New Straits Times May 14, 2019). Majority of the students are financially assisted by the National Higher Education Fund Corporation (PTPTN) loan system.

2.2 Universiti Tun Abdul Razak (UNIRAZAK)

UNIRAZAK, the case study for this paper, is one of the pioneers of PHEIs, established on 18 December 1997, with two campuses: the main campus at Kelana Jaya and city campus at Kuala Lumpur city centre. It had its regional centers, and has more than 25,000 alumni.

With six schools, Bank Rakyat School of Business, Tun Abdul Razak School of Government, Centre for Foundation Studies, Graduate School of Business, School of Education and Humanities, and the newly-minted School of Auditing and Taxation, UNIRAZAK has over 30 programmes, all certified by the Malaysian Qualifications agency (MQA).

UNIRAZAK is a small university by any measure. Albeit student enrolment of less than 2000, it is big on collaboration with the globally-renowned professional bodies such as the CPA Australia, Chartered

Management Institute of the UK (CMI), Malaysian Association of Tax Accountants (MATA), and Chartered Tax Institute of Malaysia (CTIM). It received several awards for meeting the highest standard in tertiary education, and the Ministry of Education's grand award for 'Entrepreneur Private University of the Year' in 2015. In 2017 it achieved 4-star ratings for MYRA and SETARA. Recently, UNIRAZAK has achieved a 5-star rating, the highest rating for SETARA, a huge feat for a small PHEI. UNIRAZAK has huge products, with its students awarded Fulbright scholarships, Perdana Fellows, Diplomatic and Administrative (PTD) officers, Ministers Special Officers, and many successful entrepreneurs.

UNIRAZAK has invested in Learning Management Systems (LMS) a few years on, which enables the academics and students to switch from traditional teaching and learning to fully. Hence, it was seamless for UNIRAZAK in adopting with the new way of delivery of teaching and learning, despite the sudden transition during the MCO period. The concerns remain, however, as shared by many other HEIs globally, of the unequal learning opportunities among students that some students have good access while others do not; as well as the competence and pedagogical approach to maintain the quality of teaching and learning as in the face-to-face approach (Sarea et al 2021).

3. Literature Review

Service quality entails anticipation of what customers expect from the service provider that will lead to customer's satisfaction (Howcroft 1991). If customers perceive service quality as unsatisfactory, they may turn to other providers. With the advent of internet and social media, it is becoming even more critical for companies to provide great service quality. The longer the company keeps improving its service performance the more it meets the expectations of customers (Parasuraman et al., 1988). Providing high service quality means achieving success in competing services, and more importantly provision through services differentiation is often said to be of forceful competitive tool and highly competitive advantage (Parasuraman et al., 1988). Therefore, it is important for companies to measure their service quality and find out the expectations and perceptions of customers and to know which dimensions of service need improvement (Anselmsson, 2006).

The tools used in gauging and measuring the quality is SERVQUAL instrument developed by Parasuraman et al (1988). It measures five specific dimensions of service quality, namely: reliability, assurance, tangibles, empathy, and responsiveness (Parasuraman et al., 1988). Reliability means the company delivers its promises about its delivery, keeps its promises to service provision and solution to problems. Assurance is the ability of the firm and its employees to inspire trust and confidence from the customers. Tangibility is the appearance of physical facilities, equipment, personnel and communication materials. It also captures the flexibility of the company and ability to customise service. Empathy which means to provide caring individualised attention to customers and to meet the demand of customers to increase customer loyalty. The final dimension is Responsiveness which emphasises attentiveness and promptness in dealing with customer's requests, questions, complaints and problems.

4. Research Methods and Data Analysis

The study attempts to explore the aspects of service quality and the level of satisfaction among students, taking UNIRAZAK as a case study. The research employed a quantitative approach with structured questionnaire. Using Parasuraman's five dimensions of service quality, the survey questionnaire requires respondents to respond to the five dimensions of service quality, with statements about each of the dimensions, as in Table 1 below:

Table 1: The five Dimensions of Service quality and Statements

Dimensions of Service quality	Statements of indication
(1) Reliability of services provided	a. the services are provided as promised;
	b. the services are provided within the promised time
	c. the teaching adheres to course curriculum and its objectives
	d. UNIRAZAK has clearly specified policies
(2) Assurance of Services	a. I am assured of services by my lecturers in their teaching.
	b. I am assured of services by the staff
	c. I am assured of services by the Property Maintenance & others
	d. I am assured of fair grading of my work
(3) Tangibles	a. The equipment are up-to-date
	b. The facilities are visually appealing
	c. The staff members are neat in appearance
	d. The materials associated with the service are visually appealing
	e. Academic support facilities are good
(4) Empathy	a. I am given individual attention
	b. My lecturers give me personal attention
	c. The support staff knows my needs as student
	d. The staff has students' best interest at heart
	e. UNIRAZAK is sympathetic and helpful with students' problem
	f. The staff are available for guidance and advice when I seek them
(5) Responsiveness	a. Students are well-informed of what is going on at the University
	b. UNIRAZAK gives prompt services when needed
	c. The staff is willing to help students
	d. The staff is ready to respond to students' request
	e. Ease of contact/access to lecturers /administrative staff
	f. UNIRAZAK handle complaints well

The survey as a primary source was used to collect the relevant data to study the impact of service quality on customer satisfaction in PHEIs in Malaysia, before and during the MCO. The respondents selected were students who studied at UNIRAZAK before the pandemic and the Movement Control Order (MCO) to ensure that they have both the learning experience before and during the pandemic and the MCO. The survey was conducted in April 2020, during the MCO period. Before the final distribution of the survey, a pilot testing was conducted on a number of academics to obtain feedbacks on the appropriateness of the questions. All items constructed was rated on five-point Likert Scale ranging from (1) strongly disagree to (5) strongly agree. The study applied convenience sampling, using online survey to get responses. A total of 225 responses received but after eliminating the incomplete responses, the valid number completed questionnaires collected was 220.

4.1 Results and Discussion

Demographic analysis

As shown in Table 2 the number of males and females were 39.09% and 60.91 % respectively, with the local students as the dominant group (97.73%) and international students only 2.27%. Majority (48.64%) of respondents were from the bachelor degree level, followed by master degree (37.73%), the Foundation level (10.91%) the PhD level (2.27%).

Majority (47.27%) were from low-income level (between RM2000 and RM3,500 per month), followed by respondents (29.55%) from the middle-income bracket (between RM3,501 and RM8,000 per month).

Table 2: Number of students participated in the survey

	Frequency	Percent
Gender		
Male	86	39.09
Female	134	60.91
Total	220	100.00
Nationality		
Malaysia	215	97.73
Others	5	2.27
Total	220	100.00
Level of Study		
Bachelors	107	48.64
Masters	83	37.73
PhD	6	2.73
Others	24	10.91
Total	220	100.00
School/Centre		
Tun Abdul Razak School of Government (TARSOG)	32	14.55
Bank Rakyat School of Business and Entrepreneurship (BRSBE)	66	30.00
Centre for Foundation Studies (CFS)	13	5.91
Graduate School of Business (GSB)	82	37.27
School of Education and Humanities (SEH)	27	12.27
Total	220	100.00
Level of Household Income		
RM2,000 and below per month	60	27.27
RM2,001- RM3,500 per month	44	20.00
RM3,501 - RM5,000 per month	35	15.91
RM5,001 - RM8,000 per month	30	13.64
RM8,001 and above per month	38	17.27
Total	207	94.09
Missing	13	5.91
Total	220	100.00

4.2 Findings and Research Analysis

The regression models could not be run as the dependent variable students' satisfaction is not collected in questionnaire. Hence higher statistics like Regression and SEM could not be applied.

Only paired sample t test is possible to test the following hypotheses.

Null: The service levels are all equal before and during Corona. There is no difference in service levels like Tangibility etc before and during Corona at UNIRAZAK.

Alternate: The service levels declined substantially during MCO at UNIRAZAK.

Table 4: Mean and Std. Deviation before and during MCO

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Reliability before MCO	3.86	220	3.88	0.26
	Reliability During MCO	3.88	220	3.60	0.24
Pair 2	Assurance before MCO	3.87	220	3.50	0.24
	Assurance During MCO	3.88	220	3.38	0.23
Pair 3	Tangibles before MCO	3.77	220	4.66	0.31
	Tangibles During MCO	3.83	220	4.27	0.29
Pair 4	Empathy before MCO	4.46	220	5.63	0.38
	Empathy During MCO	4.45	220	5.58	0.38
Pair 5	Responsiveness before MCO	3.77	220	5.73	0.39
	Responsiveness During MCO	3.80	220	5.64	0.38

Results indicated that Empathy is the best dimension of service quality. However, this dimension showed a slight reduction. All the other dimensions show that the service levels improved during MCO.

Even with the switch to online teaching and learning, the students' level of satisfaction remain consistent with the ones pre-Covid 19 days. Results indicated that learning continues at UNIRAZAK even with the many challenges of the switch.

At the onset of the switch and during the implementation of the unlearning learning during the pandemic, there were, and continue be many factors, that could negatively impact on the students, the academic team and the university:

The adaptability (and the traits required) to switch and maintain consistency in teaching and learning via online mode, the ability to deliver and achieve learning outcomes in a non-conventional mode

The availability of technology, process and systems and the speed of adoption by the students, the academic team and the university.

For the vast majority of students, they signed up for conventional mode of learning.

From the sample size, as many as 82% of the respondents are in the B40 and M40 family income categories, which is a reflection of the student population at UNIRAZAK. The MCO and the pandemic has far-reaching consequences and affect the bottom 80% the most.

The learning challenges imposed by factors outside of the university control such as the availability of IT infrastructure and hardware, the teaching and learning environment imposed by the living conditions of the students among others. Given the challenges above, the findings indicated a major positive for UNIRAZAK.

Table 5: Correlation Coefficients before and during MCO

Paired Samples Correlations	N	Correlation	Sig.
Reliability before - Reliability During MCO	220	0.85	0.00
Assurance before - Assurance During MCO	220	0.79	0.00
Tangibles before - Tangibles During MCO	220	0.87	0.00
Empathy before - Empathy During MCO	220	0.85	0.00
Responsiveness before - Responsiveness During MCO	220	0.87	0.00

Correlations are very high and significant. The service levels are moving in tandem.

Table 6: Significance level of mean differences

	Mean Difference	Std. Error Mean	t	Sig. (2-tailed)
Reliability before - During MCO	-0.10	0.14	-0.71	0.48
Assurance before - During MCO	-0.07	0.15	-0.45	0.65
Tangibles before - During MCO	-0.35	0.16	-2.26	0.03
Empathy before - During MCO	0.03	0.20	0.13	0.89
Responsiveness before - During MCO	-0.10	0.20	-0.49	0.63

The Tangibles show a significant difference. All others show the same service levels though there is a small difference. Students perceived Tangibles to be better during the pandemic.

In this study students are effectively assessing two different “beasts” of before Covid-19 and during Covid-19. It would be useful to look into the context to the study, especially in terms of the challenges confronting most HEIs, including UNIRAZAK and their response to the challenges. HEIs all over the world have moved to change from physical to online delivery mode, and some are cut unprepared whilst some are proactive have their online tools at hand. Nonetheless, the online delivery of teaching and learning is new and requires upskilling and reskilling on the academics. This is not to mention the limited learning facilities, the internet connection that students face particularly for those in the remote areas with little access to broadbands. All these causes mental stress not just among academics but to students too. The result indicated that UNIRAZAK has shown its agility to the sudden change, despite the challenges.

Conclusion

This paper was designed to address the specific aspects of PHEIs services. The constructs in the research model were adopted from the literature by considering conceptualization's of service quality, using Parasuraman et al (1985) instruments.

The findings suggest that the service levels are all equal before and during the MCO at the university under study, i.e UNIRAZAK. There is no difference in service levels before and during the MCO. However, two dimensions stood out: Empathy as the best dimension and Tangibles have shown a significant increase during the pandemic.

The preparedness of UNIRAZAK in terms of its UROX system in preparation for online learning had paid off during the pandemic. Although the findings pertain to UNIRAZAK, it should help other Malaysian PHEIs to better understand their current state of its services.

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