

Ramovš, Marjeta; Milfelner, Borut

## Article

# The importance of educational service quality for customer satisfaction and organizational reputation

Naše gospodarstvo / Our Economy

## Provided in Cooperation with:

Faculty of Economics and Business, University of Maribor

*Suggested Citation:* Ramovš, Marjeta; Milfelner, Borut (2023) : The importance of educational service quality for customer satisfaction and organizational reputation, Naše gospodarstvo / Our Economy, ISSN 2385-8052, Sciendo, Warsaw, Vol. 69, Iss. 2, pp. 29-40, <https://doi.org/10.2478/ngoe-2023-0009>

This Version is available at:

<https://hdl.handle.net/10419/290540>

### Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

### Terms of use:

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<https://creativecommons.org/licenses/by-nc-nd/4.0/>

# The Importance of Educational Service Quality for Customer Satisfaction and Organizational Reputation

Marjeta Ramovš<sup>a</sup>, Borut Milfelner<sup>b</sup>\*

<sup>a</sup>Ljudska univerza Slovenska Bistrica, Partizanska ulica 22, 2310 Slovenska Bistrica, Slovenia

<sup>b</sup>University of Maribor, Faculty of Economics and Business, Razlagova 14, 2000 Maribor, Slovenia

marjeta.ramovs@lu-sb.si, borut.milfelner@um.si

## ARTICLE INFO

### Original Scientific Article

#### Article History:

Received April 2022

Revised May 2023

Accepted May 2023

#### JEL Classification:

M1, M3

#### Keywords:

Customer satisfaction

Organizational reputation

Service delivery

Perceived service quality

Educational service quality

UDK: 37:005.336.3

DOI: 10.2478/ngoe-2023-0009

Cite this article as: Ramovš, M., & Milfelner, B. (2023). The Importance of Educational Service Quality for Customer Satisfaction and Organizational Reputation. *Naše Gospodarstvo/Our Economy*, 69(2), 29-40. DOI: 10.2478/ngoe-2023-0009.

©2022 The Authors. Published by Sciendo on behalf of University of Maribor, Faculty of Economics and Business, Slovenia. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

## Abstract

This paper aims to enhance the understanding of the concepts of service quality, customer satisfaction with service, and organizational reputation in the context of educational services. The conceptual framework for testing the relationship between the three constructs was developed and tested on a sample of 97 educational service users. The results showed no significant difference between perceived and expected service quality. However, a positive relationship was found between customer satisfaction and three subconstructs of perceived service quality. Also, a significant positive correlation between organizational reputation and three latent variables of perceived service quality and a positive relationship between satisfaction and organizational reputation.

## Introduction

In developed countries, there is a predominantly knowledge-based, service-oriented society. In modern society, lifelong education is constantly gaining importance. The competition in the education market is becoming stronger, clients are becoming more demanding and are seeking appropriate and individually tailored education. Due to the epidemic, education has recently moved from lecture halls to locations that are more easily accessible to clients and more time-friendly. Location no longer represents an important factor in the decision-making process when choosing an educational institution. The quality of educational services is certainly an important dimension in choosing education. Knowing the quality of educational services perceived by the client is necessary to differentiate the offer, ensure client satisfaction, and spread a positive image about the educational organization (Lovelock & Wright, 1999). Providing quality services is a crucial strategy for the survival and success of an educational organization in the market.

Service providers, both indirect and direct, play a central role in service delivery within the organization. In addition to the importance of service

\*Corresponding author

providers, clients of the services also play an important role. The concept of service quality has different meanings for different service clients. However, since customers are the ones who largely determine the fate of the organization, it is necessary to follow their expectations and perceptions of quality. It is not enough for services to meet standards and regulations; it is necessary to maintain and increase client satisfaction to enable mutual positive recognition (Kotler, 1996). Service quality leads to satisfied clients, positively impacting word-of-mouth about the organization, loyalty, client purchasing intentions, and the organization's financial success (Wang, 2003).

Reviewing the literature, we found many discrepancies regarding the links and similarities between service quality and satisfaction. Some indisputable differences exist, with satisfaction being a one-time experience related to a specific service or product, while quality involves a longer-term relationship. Additionally, the emotional involvement of clients is present in satisfaction, while emotional elements are not present in quality. Perceived service quality can vary greatly from client to client and achieve varying degrees of satisfaction, mainly due to differing client expectations. Oliver (1997) explains that quality is not the same as satisfaction, but that quality is one of the causes of satisfaction. Quality is defined as the difference between the client's expectations and perceptions, while satisfaction primarily responds to this difference. Satisfaction can only be formed based on direct experience, while quality can also be inferred without this experience (1997). While the relationship between perceived quality and satisfaction has been widely studied in various service fields, we observe a lack of research in the field of education, particularly in terms of addressing the difference between perceived and expected quality and the relationship between the concepts of perceived quality and reputation, and satisfaction and reputation.

Zeithaml and Bittner (1996) explain that perceived service quality is just one component of customer satisfaction, which also reflects the relationship between price and quality, personal perceptions of the customer, and other influences at the time of service delivery. Perceived quality is the overall assessment of the entity's superiority or excellence, while objective quality is the result of the aforementioned comparison between expectations and perceptions of service delivery.

Poor service quality puts an organization in a bad position and consequently drives away dissatisfied customers (Lovelock & Wirtz, 2011). A satisfied customer positively influences the reputation of the organization by spreading

positive word-of-mouth about the organization and its brand (Kotler, 1996).

Existing literature on the subject area shows that service organizations can improve their performance and competitive advantage by improving service quality, ensuring customer satisfaction, and increasing their reputation.

Competition in education is becoming more intense, and consequently, concepts such as service quality, organizational reputation, and customer loyalty are key to the organization's survival (Teeroovengadum et al., 2019). This paper aims to deepen knowledge in studying concepts such as service quality, customer satisfaction with service, and organizational reputation and to examine the relationship between these constructs in the context of educational organizations from Slovenia. While extensive research has been conducted on the link between service quality and satisfaction in educational organizations, the present study aims to fill a significant gap in the literature. Specifically, the role of reputation in this relationship has received limited attention, with only a few studies addressing this aspect. Notably, to the best of our knowledge, no previous research has investigated this topic in the context of Slovenia.

The paper begins with a literature review, summarizing previous research, and with a conceptual framework. The methodology section describes the data collection, including the sample selection. Reliability and validity are discussed to ensure data quality. Results are presented, followed by conclusions that summarize key findings. The discussion section interprets the results, compares them to prior research, lists research limitations, and suggests future research directions.

## Literature review

### Educational service quality

In education, quality is a fundamental strategic direction. Quality of education is a generic concept. Understanding quality depends on cultural characteristics, institutional frameworks, socio-political events in which education takes place, and educational objectives and forms, and levels of education (Bregar, Margarita, & Radovan, 2010).

Numerous authors attempting to define service quality in education agree that quality is easier to recognize than to define. Education contains all the characteristics of service activities. Educational services are heterogeneous, intangible, inseparable from participants in

implementation, and variable. Educational organizations operate in an environment that must be directed toward understanding the role and importance of service quality, and this environment is highly competitive. In this case, a competitive environment means that education participants become more demanding in choosing an educational organization. Therefore, educational organizations need to understand the desires and expectations of potential participants, which can be done by determining the expectations of participants regarding the quality of education services (Ford, Mathew, & Beatriz, 1999).

Zeithaml et al. (1990) emphasize that understanding customer expectations is essential for ensuring quality. Therefore, providing excellent services following customer expectations requires the organization to understand customer expectations.

Authors studying service quality in education use three interrelated quality criteria: the degree to which the educational service meets the needs of customers, differences in the quantity of some desired material elements of the educational service, and compliance with educational standards.

From theoretical perspectives, we understand quality as an absolute concept and quality as a relative concept. Absolute quality is similar to an ideal, where there is no deviation from the highest standards that cannot be surpassed. Regarding relative quality of services, quality is not understood as an attribute of a particular service but as something attributed to that service. In this case, quality is judged by determining whether the service meets the set standards. Quality in the relative sense is a multidimensional phenomenon that is associated with various aspects of expectations. Harvey and Green (1993) propose a classification of quality concepts in education, including quality as uniqueness, perfection and consistency, suitability for purpose, value for money, and transformation.

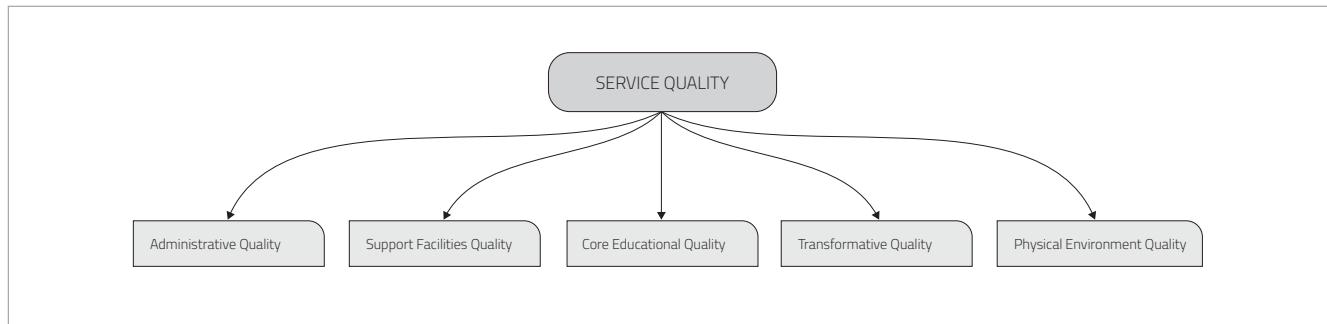
Educational services quality has experienced a significant breakthrough during the COVID pandemic. There was a sudden and intense shift from predominantly traditional learning to virtual learning. The pandemic forced educational organizations to adopt digital technologies. Research on online education reveals five attributes that educational institutions must adopt: student interaction, level of student concentration in online classrooms, increasing student satisfaction with digital learning, the usefulness of the system, and diversity of assessment

tests (Ramírez-Hurtado, Hernández-Díaz, López-Sánchez, & Pérez-León, 2020).

Abdullah (2006) developed a model called HEDPERF (Higher Education PERFORMANCE) for measuring perceived quality in higher education. It was mainly based on developing service quality dimensions from the client's perspective and considered the quality of academic staff services and the non-academic aspect of the client's educational experience. Using the model, educational institutions can determine how different dimensions affect overall service quality, become aware of the strengths and weaknesses of these dimensions, and their impact on more efficient resource management to provide quality service to clients (Abdullah, 2006).

The HEDQUAL model was designed for MBA programs in the higher education sector (Icli & Anil, 2014). It includes five dimensions of service quality: academic quality, administrative quality, library service quality, quality of library service delivery, quality of career opportunities, and quality of support services. The HEISQUEL model considers operational and technical aspects of service quality. The model measures service quality using seven dimensions of service quality: teacher profile, curriculum, facility and equipment, staff and other support personnel, employment quality, safety and security, and student skill development. The HESQUEL model presented in Figure 1 was developed by Viraiyan et al. (2016) to assess the quality of higher education services in Mauritius. The model considers five main dimensions and a total of eleven sub-dimensions, including administrative quality (attitude and behavior of administrative staff), physical environment (learning environment, general infrastructure, and support infrastructure), the fundamental quality of education (attitude and behavior of academic staff, curriculum, pedagogy, and academic staff competencies), as well as the quality of support facilities and quality of transformation (Viraiyan, Kama-lanabhan, & Keshwar, 2016).

The quality of education services has become an important competitive advantage in recent years. Care for quality must be deliberate and become part of the strategy of educational organization leadership and employees. In addition to knowing the expectations of customers who directly receive services, other direct customers such as sponsors, future employers, society as a whole, and employees in the organization are also important. Quality of education services is not only important at the time when the customer is confronted with the service, as it can significantly impact the quality of life in the future. To ensure quality education

**Figure 1***The Higher Educational Service Quality (HESQUAL) Model*

Source: Adapted from Viraiyan et al. (2016)

services, competent staff in the organization who can adapt to changes are essential.

### Customer satisfaction

Customer satisfaction is the fulfillment of their expectations (Oliver, 1997) or their emotional reaction to experiences with certain services compared to their expectations (Parasuraman, Berry, & Zeithaml, 1988, p. 16). Oliver (ibid.) further explains that meeting customer needs gives or increases pleasure or reduces a deficiency, similar to solving a life problem. Ule and Kline (1996) define satisfaction as one of the most desirable post-purchase effects for both providers and customers. Satisfaction is a feeling of pleasure or disappointment that results from comparing perceived service quality or the result of the comparison to one's own expectations. Based on past experiences, advice from acquaintances, information and promises from the organization, and competition, the customer forms their expectations. If perceived quality is lower than expected, the customer is dissatisfied. If the result meets or exceeds expectations, the customer is satisfied, very satisfied, or delighted (Kotler, 1998). Customer expectations can be subjective or objective. Therefore, satisfaction results from the customer's evaluation of the service based on comparing their perception with expectations.

Customer satisfaction is a complex phenomenon. The theory of (dis)confirmation of expectations or the disconfirmation theory, and the perceived performance theory are most commonly used to define customer satisfaction. The theory of (dis)confirmation of expectations explains satisfaction as a result of the intersection between the customer's expectations in the pre-purchase phase and their evaluation in the post-purchase phase. At the end of the service delivery, customers feel that their expectations were either positively or negatively fulfilled. The perceived performance theory defines customer satisfaction as a direct function of the characteristics and performance of the service or product.

Within this theory, satisfaction is the result of complex cognitive and emotional processes and other mental and physical influences (Milfelner, Pisnik Korda, & Mumel, 2010).

Various definitions of satisfaction have three common elements (Giese & Cote, 2000), namely, customer satisfaction is an emotional or perceptual response that can vary in intensity, the response always focuses on a specific element of customer satisfaction, such as expectation or purchasing experience, and the response occurs at a certain time after the experience.

Customer satisfaction is important to an organization, as it creates a competitive advantage, distinguishes customers from competitors, increases loyalty, enhances positive word-of-mouth, reduces costs of error correction, and reduces costs of error correction. Therefore, organizations should pay sufficient attention to monitoring satisfaction (Lovelock & Wright, 1999).

### Organizational reputation

Reputation is an important intangible asset for an organization. Building a positive reputation takes time and careful management, as even small mistakes can significantly impact reputation. Restoring a damaged reputation can require a lot of time and effort. An organization's reputation is influenced by all of its interactions with the public, employees, competitors, partners, customers, product and service quality, and environmental awareness, among others. An organization's reputation can be thought of as the opinions expressed by various stakeholders about the organization in the form of connections between them.

There are many different definitions of reputation. Barnett et al. (2005) proposed a unified definition and defined cooperative reputation as the collection of assessments about an organization made by observers based on financial, social, and environmental evaluations. It is evident that an

organization's reputation is composed of the perceptions of different stakeholders based on their experiences with the organization and compared to its competitors (Fombrun, 1996). Gotsi and Wilson (2001) define reputation as the overall evaluation of an organization by customers based on their direct experiences with the organization and various forms of communication, including the use of symbols by the organization.

An organization's reputation stems from evaluations by stakeholders, including direct customers, investors, competitors, local communities, the wider public, and employees. Service customers expect reliability from an organization and demand that services from respected and reputable organizations are of higher quality and more reliable than those from their less respected competitors, regardless of price. Local communities expect responsibility from an organization, investors demand credibility, and employees require trust. Therefore, an organization must consider all key stakeholders to achieve a positive reputation. This involves creating pride among employees, empowering them, developing their trust, demonstrating profitability to investors, maintaining stability, acting socially responsible towards society, and showing special consideration for the environment. For service customers, it is important that the organization provides good customer service and high-quality services (Fombrun, 1996).

### Conceptual framework and hypotheses development

We can assume that differences in ratings between perceived and expected service quality are not random but are due to systematic reasons. Various factors can contribute to the gap between expected and perceived service quality, such as the difference between the factors that clients perceive as important and those that service providers consider important for clients. A study on the gap between expected and perceived service quality conducted at a university in Lahore, Pakistan, showed that there were differences between students' expectations and perceptions, with no significant differences in empathy and safety (Ali, Ali, & Ahmad, 2019). The results of a study conducted at a postgraduate university in Iran showed a significant difference between customer expectations and perceived quality, particularly for the responsiveness dimension, followed by empathy, reliability, and trust (Abaria, Yarmohammadian, & Esteki, 2011). Other studies addressing this gap were implemented outside the field of educational services (e.g. Chan, Liu, and Li, 2019). Hence, we hypothesize:

*H1: Ratings of expected service quality significantly differ from actual ratings of perceived service quality.*

Cronin and Taylor (1992) empirically demonstrated in their research that positively perceived service quality leads to customer satisfaction. Lovelock and Wirtz (2011) state that service quality is crucial for customer satisfaction and that quality is equated with maximum satisfaction. Similarly, a study in the field of education found that service quality has a positive impact on customer satisfaction. Annamdevula (2017) found a strong correlation (Munteanu et. al, 2010) between service quality and customer satisfaction. Improving customer satisfaction leads to improving service quality, reducing complaints, strengthening the organization's reputation, and enhancing competitiveness. In the field of education, there have been only rare studies indicating a positive relationship between perceived quality and satisfaction (Shah, 2009; Pedro et. al., 2018, Singh & Jasial, 2021). According to that, we frame the following hypothesis:

*H2: Perceived service quality is positively related to customer satisfaction.*

Selnes (1993) defines reputation as directly linked to quality and explains that the perception of quality is associated with the brand name. Eunsang et al. (1993) explains that reputation can be enhanced by providing quality service. Shamma and Hassan (2009) demonstrated in their research that the experience with an organization, which is mainly dependent on service staff, has the greatest impact on the organization's reputation rating. Staff is the direct link between the customer and the organization and, along with the environment, is the main determinant of service quality. Therefore, the staff rating strongly influences the overall quality rating and, thus, the organization's reputation. Chen (2010) describes a positive relationship between reputation and service quality. Twaissi and Al-Kilani (2015) studied the impact of perceived service quality on student behavior and found that dimensions of perceived quality affect students' intention to recommend the educational institution to others. Therefore, we hypothesize:

*H3: Perceived service quality is positively related to the organization's reputation.*

Walsh et al. (2006) found that reputation and customer satisfaction are strongly interrelated. Stahl et al. (2003) report that an organization's reputation is gained over long periods of high customer satisfaction and is a source of sustainable competitive advantage for organizations. Anderson and Sullivan (1993), and Bonits et al. (2007) also report that high satisfaction leads to a greater reputation. Satisfied customer returns spread the word and enhance the organization's reputation (Marolt & Gomišček, 2005). In the context of education, significant predictors of student

satisfaction were found to include the perceived quality of teaching, organizational identification, and institutional reputation (Hassani & Wilkins, 2022). Also, Quazi et al. (2021) found that university reputation can indirectly influence students' satisfaction level. Thus, we propose the following hypotheses:

H4: *Satisfaction is positively related to the reputation of the organization.*

## Methodology

### Data collection

The data for this study was collected through a combination of online and hard-copy questionnaires distributed during various events. The measurement instrument used in the study was developed based on a literature review. For quality, we used adapted items from the SERVQUAL scale, which comprised 18 items developed by Parasuraman, Berry, & Zeithaml (1988). The scale for education was adapted from Faganel (2010), and satisfaction was measured using the adapted Oliver scale (1997) with seven items. Reputation was measured using an adapted scale developed by Fombrun and co-authors (2000) with eleven items.

We used Likert-type statements for quality to measure expected quality, perceived quality, and reputation, ranging from 1 - 'strongly disagree' to 7 - 'strongly agree'. Satisfaction was measured using a 7-point scale ranging from 'very dissatisfied' to 'very satisfied'. For reputation, a 7-point scale, with 1 being "not at all true" and 7 being "completely true" was used.

### Sample

A non-random sample from inside an educational organization in Slovenia was used for this research. The questionnaire was distributed in hard copy between 17 December 2021 and 12 January 2022 to LU customers. Customers who were not present during this period were sent a link to the questionnaire at their e-mail addresses. We received 97 fully completed questionnaires, out of which we excluded 5 partially completed questionnaires from further analysis. The anonymity of the respondents was maintained during the survey.

Of the 97 respondents, the majority were female (77.3%), and the most represented age groups were groups between 36 to 45 years (20.6%), and between 46 and 55 years (26.8%).

Concerning education, the majority of respondents have finished secondary school (44.3%). Most respondents were participants in one of the training or learning courses at LU.

### Validity and reliability of the scales

Exploratory factor analysis was conducted to test the validity and reliability of the scales. The factor analysis for the perceived service quality construct showed that the Kaiser-Meyer-Olkin statistic was 0.918, and Bartlett's test was significant at  $p < 0.001$ . Based on factor loadings, three factors were distinguished, explaining almost 78% of the measured variables' variability. We named the first-factor empathy, trust, and responsiveness, the second reliability, and the third tangibles based on the statements describing each factor. For all the factors, Cronbach's alphas were higher than 0.8 for all three sub-constructs, indicating the appropriate reliability of the perceived service quality scales (Table 1).

The factor analysis for the customer satisfaction construct resulted in a Kaiser-Meyer-Olkin statistic of 0.858 at  $p < 0.001$ . One factor explaining almost 73% of the variability of the measured variables was obtained. Factor loadings were higher than 0.6, and Cronbach's alpha was higher than 0.9, indicating convergent validity and reliability of the satisfaction scale (Table 2).

The factor analysis for the organizational reputation yielded a significant ( $p < 0.001$ ) Kaiser-Meyer-Olkin statistic (0.931). One factor explained 76% of the variability of all measured variables. Factor loadings were higher than 0.6, indicating convergent validity. Based on Cronbach's alpha, the reliability of the measurement was exemplary ( $\alpha = 0.961$ ) (Table 3).

## Results

To test the hypotheses, new variables were calculated by averaging the single indicators of each factor obtained from the factor analysis, resulting in a new composite variable.

The newly generated latent variables were not normally distributed, so we used a non-parametric test for two dependent samples, the Wilcoxon signed-ranks test, to test H1. Table 4 shows the results of the ranks. It can be seen that  $|Z| > 1.96$  and  $p/2 < 0$ . There are no statistically significant differences between perceived and expected service quality, so H1 should be rejected.

Hypotheses H2, H3, and H4 were tested using the Spearman correlation coefficient. First, we examined

**Table 1**

*Items, its means, standard deviations, and constructs for perceived quality construct*

	Items	Mean	SD	F1	F2	F3	Chr. α
Empathy, trust, and responsiveness	Q12 The staff is always respectful when operating with me.	6.70	0.648	0.877			0.968
	Q13 The staff is always understanding when operating with me.	6.67	0.657	0.809			
	Q7 The staff is professional and friendly.	6.73	0.604	0.730			
	Q1 When solving problems, I can always rely on employee assistance.	6.55	0.778	0.713			
	Q10 The employees have all the necessary knowledge to answer questions.	6.63	0.601	0.687			
	Q9 The administrative staff is always polite.	6.69	0.651	0.684			
	Q8 Employees always instill confidence in us.	6.54	0.804	0.680			
	Q14 The employees act in accordance with my interests.	6.55	0.764	0.629			
	Q11 The employees give me all the necessary individual attention.	6.53	0.805	0.583			
Q6 There is always a willingness to help.	6.62	0.728	0.568				
Reliability	Q3 I am always informed about the time and place of service performances.	6.59	0.899		0.919		0.958
	Q4 I am always informed about the time and place of service performances in a timely manner.	6.54	0.969		0.878		
	Q5 The guaranteed services are immediately performed.	6.41	0.875		0.683		
Tangibles	Q17 Labels, poster, and scripts look attractive.	6.40	0.825			0.781	0.808
	Q15 Organization is modernly equipped, has well organized premises and suitable equipment for education.	6.58	0.719			0.552	
	Q2 Services are always performed before the promised time.	6.46	0.804			0.530	
	Q16 Business hours are appropriate.	6.42	0.899			0.518	
	Q18 The location is easily accessible.					0.507	
Total variance extracted = 77.9 %							

Source: Authors' research

**Table 2**

*Items, its means, and standard deviations, for satisfaction construct*

Items	Mean	SD	F1	Chr. α
S6 My decision to cooperate with educational organization was a smart one.	6.62	0.699	0.925	0.933
S2 educational organization provides me with quality services.	6.56	0.750	0.892	
S7 Cooperation with educational organization is exactly what I need.	6.42	0.956	0.838	
S3 I also intend to cooperate with the educational organization in the future.	6.52	0.779	0.804	
S5 I am satisfied with the offer of the educational organization.	6.37	0.928	0.802	
S4 I am ready to recommend cooperation with educational organization to my friends and acquaintances.	6.65	0.722	0.745	
Total variance extracted = 72.52 %				

Source: Authors' research



**Table 3**

*Items, its means, and standard deviations, for reputation construct*

Items	Mean	SD	F1	Chr. α
R10 Educational organization is a trusted organization which I respect and admire.	6.58	0.719	0.939	0.961
R8 Educational organization has excellent leadership.	6.58	0.762	0.932	
R9 Educational organization has a clear vision and future.	6.56	0.736	0.899	
R7 Educational organization seems like an organization where it would be good to work.	6.54	0.791	0.886	
R4 Educational organization is environmentally conscious.	6.65	0.646	0.869	
R6 Educational organization strives to satisfy its customers.	6.56	0.707	0.867	
R3 Educational organization responds to the needs of people and environment.	6.43	0.853	0.821	
R1 Educational organization is socially responsible.	6.63	0.634	0.821	
R5 Educational organization is better than the competition.	6.22	0.96	0.786	
R11 Educational organization is a financially stable organization.	6.44	0.924	0.751	
Total variance extracted = 76.05%				

Source: Authors' research

**Table 4**

*Wilcox signed rank test for differences between perceived and expected service quality*

Expected – perceived value	Rank	N	Rank m	Sum of ranks	Significance
Empathy, trust, and responsiveness	Negative rank	18	15.56	280,00	n.s.
	Positive rank	22	24.55	540,00	
		57			
	Negative rank	10	16.20	162,00	n.s.
	Positive rank	17	12.71	216,00	
		70			
Tangibles	Negative rank	24	23.67	568,00	n.s.
	Positive rank	19	19.89	378,00	
		54			

Source: Authors' research

how a single subconstruct of perceived service quality relates to satisfaction. Table 5 displays the data, indicating that the relationships between satisfaction and three subconstructs of perceived service quality (empathy – trust - responsiveness, reliability, and tangibles) are positive and significant at  $p < 0.01$ . Therefore, we supported H2.

Additionally, we explored the correlation between reputation and three latent variables of perceived service quality (empathy - trust - responsiveness, reliability, and tangibles).

The correlation is statistically significant and positive for reputation and empathy, trust, and responsiveness ( $R = 0.659$ ), for reputation and reliability ( $R = 0.610$ ), and for reputation and tangibles ( $R = 0.756$ ). Therefore, we also supported H3.

Finally, we tested the relationship between satisfaction and reputation. According to the results in Table 5, there is a significant relationship ( $p < 0.001$ ) between the variables ( $p = 0.00$ ). The correlation coefficient is strong and positive ( $R = 0.789$ ). Thus, hypothesis H4 was also supported.

**Table 5***Correlations between the constructs*

	Satisfaction	Reputation
Empathy, trust, and responsiveness	0.705	0.659
Reliability	0.622	0.610
Tangibles	0.765	0.756
Satisfaction	1	0.789

*Note: All relationships were significant at  $p < 0.001$* 

## Conclusions and Discussion

### Implications for theory and practice

Our study presents the results of testing four hypotheses related to service quality, customer satisfaction, and reputation in the context of educational services. The main implications for theory and practice are as follows.

First, despite the fact that students may have unrealistic expectations of the educational services they are receiving, leading to a perceived value that is lower than their expected value, even if the services are of high quality, we did not find any differences between the respondent's perceived and expected quality. Also, students' expectations of educational services may vary based on their prior experiences, cultural background, and personal beliefs, making it challenging to accurately represent their expected value. In our case, this was, to some point, not so much the case, since respondents were already engaged with the organization for quite a time, and, therefore, also could build some realistic expectations. However, we see the importance of educational organizations focusing on educating their students about the services they provide and setting realistic expectations to avoid expectation bias.

Second, our study suggests a positive correlation between service quality dimensions (empathy, trust, responsiveness, reliability, and tangibles) and satisfaction. In the context of previous studies in educational services, this is in line with the general stream of research. This suggests that improving the main relevant aspects of service quality can lead to higher levels of student satisfaction. For educational organizations, this means that they should focus more on improving their service quality in these areas to enhance the satisfaction of their

students. This could involve training staff to be more empathetic, responsive, and trustworthy, improving the reliability of their systems and processes, and ensuring that their facilities and learning materials are of high quality. Moreover, satisfied students are more likely to positively perceive and recommend the educational organization to others. This can help the organization attract and retain more students and enhance its community reputation. Therefore, the educational organization can benefit from investing in improving the quality of its services, which can positively impact its overall performance.

Third, the relationship between service quality and reputation was also found to be strong and positive. For an educational organization, a positive reputation is crucial for attracting and retaining students, securing funding, and competing with other organizations. Moreover, a positive reputation can lead to increased student enrolment, higher student satisfaction, and increased financial support. These benefits can help the educational organization to thrive and compete more effectively with other organizations. Therefore, by improving service quality aspects, an educational organization can enhance its reputation in the market. The results suggest that students perceive the educational organization as more reputable if they experience high levels of empathy, trust, responsiveness, reliability, and tangibles, meaning the educational organization should prioritize investing in improving these aspects of service quality to enhance its reputation in the eyes of the students, parents, and other stakeholders.

Finally, since the results of our study indicate that satisfaction is positively related to reputation, satisfied students are more likely to remain enrolled in the educational organization, leading to increased retention rates, which also contribute to a positive reputation. Moreover, a satisfied student is more likely to provide positive feedback and support to the organization, leading to the increased financial support of stakeholders and founders, and added value in the marketing communication context. Educational organizations should prioritize high satisfaction levels to maintain and enhance their reputation. They can achieve this by improving service quality, enhancing the learning experience, providing access to adequate resources, and prioritizing students' well-being and satisfaction.

Further investigation could consider the long-term effects of the variables examined in this study and how these effects may evolve or change over extended periods. Also, potential mediating or moderating factors that could influence the relationship between the

variables studied, including exogenous and endogenous variables inside the structural model. Also, additional variables, such as perceived value or loyalty, might explain the observed effects or modify their strength could be considered.

### Limitations

The study only explored the relationship between the three constructs in the context of educational services and may not be applicable to other types of services or industries. Also, the small sample size, orientation on the specific region, educational institution, or demographic,

may not be representative of the population and may limit the generalizability of the findings.

Using a single questionnaire to measure both the dependent and independent variables can also pose a risk of common method variance, which has the potential to significantly impact research findings (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). This may be due to individuals who may form inaccurate correlations between consistency patterns, which can influence their implicit theories or job schema and subsequently affect their attention towards and encoding of respondents' behaviors, as well as their ability to recall them later (Smither, Collins, & Buda, 1989).

## References

- Abaria, A. A. F., Yarmohammadian, M. H., & Esteki, M. (2011). Assessment of quality of education a non-governmental university via SERVQUAL model. *Procedia Social and Behavioral Science*, 15, 2299-2304. DOI: <http://dx.doi.org/10.1016/j.sbspro.2011.04.097>
- Abdullah, F. (2006). The development of HEdPERF: a new measuring instrument of service quality for the higher education sector. *International Journal of Consumer Studies*, 30(6), 569-581. DOI: <http://dx.doi.org/10.1111/j.1470-6431.2005.00480.x>
- Ali, H. Y., Ali, H. F., & Ahmad, M. B. (2019). Difference between Expectations and Perceptions of Students Regarding Service Quality of Public Sector HEIs. *Bulletin of Education and Research*, 41(1), 131-146.
- Anderson, E. W. & Sullivan, M. W. (1993). The Antecedents and Consequences of Customer Satisfaction for Firms. *Marketing Science*, 12(2), 125-143. DOI: <https://doi.org/10.1287/mksc.12.2.125>
- Annamdevula, S., (2017). Relationship between service quality, satisfaction, motivation and loyalty: A multi-dimensional perspective. *Quality Assurance in Education*, 25(2), 171-188. DOI: <https://doi.org/10.1108/QAE-04-2013-0016>
- Barnett, M., Jermier, J., & Lafferty, B. A. (2005). Corporate Reputation: The Definitional Landscape. *Corporate Reputation Review*, 9(1), 26-38. DOI: <https://doi.org/10.1057/palgrave.crr.1550012>
- Bonits, N., Brooker, D. L., & Serenko, A. (2007). The Mediating Effect of Organizational Reputation on Customer Loyalty and Service Recommendation in the Banking Industry. *Management Decision*, 45(9), 1426-1445. DOI: <https://doi.org/10.1108/00251740710828681>
- Bregar, L., Margerita, Z., & Radovan, M. (2010). *Osnove e-izobraževanja*. Ljubljana: Andragoški center Slovenije.
- Chan, C.-S. (2019). Expectation-Perception Evaluation of Theme Park Service Quality in Zhengzhou Fantawild. *Journal of Park and Recreation Administration*, 37(2), 99-107. DOI: <https://doi.org/10.18666/JPra-2019-9157>
- Chen, Y.-S. (2010). The Drivers of Green Brand Equity: Green Brand Image, Green Satisfaction, and Green Trust. *Journal of Business Ethics*, 93(2), 307-319. DOI: <https://doi.org/10.1007/s10551-009-0223-9>
- Cronin, J. J., & Taylor, S. A. (1992). Measuring service quality: A reexamination and extension. *Journal of Marketing*, 56(3), 55-68. DOI: <https://doi.org/10.1177/002224299205600304>
- Eunsang, Y., Guffey, H. J., & Kijewski, V. (1993). The effects of information and company reputation on intentions to buy a business service. *Journal of Business Research*, 27(3), 215-228. DOI: [https://doi.org/10.1016/0148-2963\(93\)90027-M](https://doi.org/10.1016/0148-2963(93)90027-M)
- Faganel, A. (2010). *Zaznavanje kakovosti visokošolskih storitev*, Koper: s.n.
- Fombrun, C. J. (1996). *Reputation: Realizing Value from the Corporate Image*. Boston: Harvard Business School Press.
- Fombrun, C. J. & Gardberg, N. (2000). Who's Tops in Corporate Reputation? *Corporate Reputation Review*, 3(1), 13-17. DOI: <https://doi.org/10.1057/palgrave.crr.1540095>
- Ford, J. B., Mathew, J. & Beatriz, J. (1999). Importance-performance analysis as a strategic tool for service marketers: the case of service quality perceptions of business students in New Zealand and the USA. *Journal of Services Marketing*, 13(2), 171-186. DOI: <https://doi.org/10.1108/08876049910266068>
- Giese, J. & Cote, J. (2000). *Defining Consumer Satisfaction*. Retrieved from [www.amsreview.org/articles/giese01-2000.pdf](http://www.amsreview.org/articles/giese01-2000.pdf)
- Gotsi, M. & Wilson, A. M. (2001). Corporate reputation: seeking a definition. *An International Journal*, 6(1), 24-30. DOI: <https://doi.org/10.1108/13563280110381189>
- Harvey, L. & Green, D. (1993). Defining Quality. *Assessment & Evaluation in Higher Education*, 18(1), 9-34. DOI: <https://doi.org/10.1080/0260293930180102>

- Hassani, A. A. A. & Wilkins, S. (2022). Student retention in higher education: the influences of organizational identification and institution reputation on student satisfaction and behaviors. *International Journal of Educational Management*, 36(6), 1046-1064. DOI: <https://doi.org/10.1108/IJEM-03-2022-0123>
- Icli, G. E. & Anil, N. (2014). The HEDQUAL scale: A new measurement scale of service quality for MBA programs in higher education. *Journal of Business Management*, 45(3), 31-43.
- Kotler, P. (1996). *Marketing Management*. Ljubljana: Slovenska knjiga.
- Kotler, P. (1998). *Marketing Management*. Ljubljana: Slovenska knjiga.
- Lovelock, C. H. & Wright, L. (1999). *Principles of Service Marketing and Management*. New Jersey: Prentice Hall.
- Lovelock, C. & Wirtz, J. (2011). *Services Marketing: People, Technology, Strategy*. New Jersey: One Lake Street, Upper Saddle River.
- Marolt, J. & Gomišček, B. (2005). *Management kakovosti*. Kranj: Moderna organizacija.
- Mendes, L., Pedro, E. D. M. & Lourenço, L. (2018). Perceived Service Quality and Students' Satisfaction in Higher Education: The Influence of Teaching Methods. *International Journal for Quality Research Forthcoming*, 12(1), 165. DOI: <https://doi.org/10.18421/IJQR12.01-10>
- Milfelner, B., Pismanik Korda, A., & Mumel, D. (2010). Zaznana vrednost, zadovoljstvo in zvestoba z bančnimi storitvami v Sloveniji. *Akademija MM*, 10(16), 63-77.
- Munteanu, C., Ceobanu, C., Bobâlcă, C., & Anton, O. (2010). An analysis of customer satisfaction in a higher education context. *International Journal of Public Sector Management*, 23(2), 124-140. DOI: <https://doi.org/10.1108/09513551011022483>
- Oliver, R. L. (1997). *Satisfaction: A behavioral perspective on the customer*. New York: McGraw-Hill.
- Parasuraman, A., Berry, L. L., & Zeithaml, V. A. (1988). Servqual: A Multiple-Item Scale for Measuring Consumer Perceptions Service Quality. *Journal of Retailing*, 64(1), 12-40.
- Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common Method Biases in Behavioral Research: A Critical Review of the Literature and Recommended Remedies. *Journal of Applied Psychology*, 88(5), 879-903. DOI: <https://doi.org/10.1037/0021-9010.88.5.879>
- Qazi, Z., Qazi, W., Raza, S. A., & Yousufi, S. Q. (2021). The Antecedents Affecting University Reputation and Student Satisfaction: A Study in Higher Education Context. *Corporate Reputation Review*, 25(4), 1-19. DOI: <https://doi.org/10.1057/s41299-021-00126-4>
- Ramírez Hurtado, J. M., Hernández Díaz, A. G., López Sánchez, A. D., & Pérez León, V. E. (2021). Measuring Online Teaching Service Quality in Higher Education in the COVID-19 Environment. *International Journal of Environmental Research and Public Health*, 18(5), 2403. DOI: <https://doi.org/10.3390/ijerph18052403>
- Selnes, F. (1993). An Examination of the Effect of Product Performance on Brand, reputation, Satisfaction and Loyalty. *European Journal of Marketing*, 27(9), 19-35. DOI: <https://doi.org/10.1108/03090569310043179>
- Shah, A. (2009). The Impact of Quality on Satisfaction, Revenue, and Cost as Perceived by Providers of Higher Education. *Journal of Marketing for Higher Education*, 19(2), 125-141. DOI: <https://doi.org/10.1080/08841240903451324>
- Shamma, H. M. & Hassan, S. (2009). Customer and non-customer perspectives for examining corporate reputation. *Journal of Product & Brand Management*, 18(5), 326-337. DOI: <https://doi.org/10.1108/10610420910981800> <https://doi.org/10.1108/10610420910981800>
- Singh, S. & Singh Jasial, S. (2021). Moderating effect of perceived trust on service quality – student satisfaction relationship: evidence from Indian higher management education institutions. *Journal of Marketing for Higher Education*, 31(2), 280-304. DOI: <https://doi.org/10.1080/08841241.2020.1825029>
- Smither, J. W., Collins, H., & Buda, R. (1989). When ratee satisfaction influences performance evaluations: A case of illusory correlation. *Journal of Applied Psychology*, 74(4), pp. 599-605. DOI: <https://doi.org/10.1037/0021-9010.74.4.599>
- Stahl, K. H., Matzler, K., & Hinterhuber, H. H. (2003). Linking customer lifetime value with shareholder value. *Industrial Marketing Management*, 32(4), 267-279. DOI: [https://doi.org/10.1016/S0019-8501\(02\)00188-8](https://doi.org/10.1016/S0019-8501(02)00188-8)
- Teeroovengadum, V., Nunkoo, R., Gronroos, C., Kamalanabhan, T. J., & Seebaluck, A. K. (2019). Higher education service quality, student satisfaction and loyalty: Validating the HESQUAL scale and testing an improved structural model. *Quality Assurance in Education*, 27(4), 427-445. DOI: <https://doi.org/10.1108/QAE-01-2019-0003>
- Twaissi, N. M. & Al-Kilani, M. H. (2015). The Impact of Perceived Service Quality on Students' Intentions in Higher Education in a Jordanian Governmental University. *International Business Research*, 8(5), 81-92. DOI: <https://doi.org/10.5539/ibr.v8n5p81>
- Ule, M. & Kline, M. (1996). *Psihologija tržnega komuniciranja*. Ljubljana: Fakulteta za družbene vede.
- Viraiyan, T., Kamalanabhan, T. J., & Keshwar, S. A. (2016). An analysis of higher education service quality in Mauritius using hesqual. *International Journal of Business Research*, 16(2), 89-104. DOI: <https://dx.doi.org/10.18374/IJBR-16-2.7>
- Walsh, G., Dinnie, K., & Wiedmann, K.-P. (2006). How do corporate reputation and customer satisfaction impact customer defection? A study of private energy customers in Germany. *Journal of Services Marketing*, 20(6), 412-420. DOI: <https://doi.org/10.1108/08876040610691301>
- Wang, Y. (2003). The antecedents of service quality and product quality and their influences on bank reputation: Evidence from the banking industry in China. *Journal of Service Theory and Practice*, 13(1), 72-83. DOI: <https://doi.org/10.1108/09604520310456726>
- Zeithaml, V. A., Gremler, D. D., & Bitner, M. J. (1996). *Services Marketing*. New York: McGraw-Hill.
- Zeithaml, V. A., Parasuraman, A., & Berry, L. L. (1990). *Delivering Quality Service: Balancing Customer Perceptions and Expectations*. New York: The free press.

# Pomen kakovosti izobraževalnih storitev za zadovoljstvo odjemalcev in ugled organizacije

## *Izvleček*

Namen članka je izboljšati razumevanje konceptov kakovosti storitev, zadovoljstva odjemalcev s storitvami in organizacijskega ugleda v kontekstu izobraževalnih storitev. Razvit je bil konceptualni okvir za preverjanje povezav med temi tremi konstrukti, ki je bil testiran na vzorcu 97 uporabnikov izobraževalnih storitev. Rezultati niso pokazali pomembne razlike med zaznano in pričakovano kakovostjo storitev. Ugotovljena pozitivna povezava med zadovoljstvom uporabnikov in tremi podkonstrukti zaznane kakovosti storitev. Prav tako je bila ugotovljena značilna pozitivna povezanost med organizacijskim ugledom in tremi latentnimi spremenljivkami zaznane kakovosti storitev ter pozitivna povezanost med zadovoljstvom odjemalcev in ugledom organizacije.

*Ključne besede:* zadovoljstvo odjemalcev, ugled organizacije, izvajanje storitev, zaznana kakovost storitev, kakovost izobraževalnih storitev