Analyzing Service Quality and Competitiveness in Public and Private Sector Universities of Khyber

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Abstract

The research study aimed to investigate the level of service quality and competitiveness in public and private sector universities of KPK. The research population comprise of 22 universities (12 public sectors and 10 private sectors).The sample was 650 students selected through convenience sampling technique of both private and public sector universities for measuring service quality and 350 administrative staff and faculty selected randomly. The questionnaires were tested for reliability and validity and found the data as reliable predicted by Chronbach's value and all questions showed validity confirmed by their factor loadings. T-test has been used for the analysis of the research. The t-test results reported significance mean difference of service quality i.e. tangibility dimension, assurance, administrative responses and empathy dimension of service quality in public and private sector universities. However, the reliability dimension of service quality showing insignificance means difference in both public and private sector universities. The results showed insignificance difference for rivalry and significance difference for bargaining power of buyer, supplier, entry barriers and substitute threats in public and private sector universities. The originality of work of this research work holds a lot of academic and organizational value.

Key Words: Higher education institutions, Universities, Khyber Pakhtunkhwa, Education service quality, Competitiveness.

Introduction

It has been historically evident that socio-economic development of societies has always been directly linked with the educational development. Within the education sector higher education institutions have been mainly responsibility for equipping individuals with the advanced knowledge and skill required for various positions in the public and private sector. It is these institutions that provide the teachers, doctors, civil servants, engineers, scientists and social scientists who work in various fields and social sector organizations**.** Without the

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participation of highly qualified manpower, the process of economic development cannot be achieved and the society cannot be put on the path of development, progress and prosperity. Seeing the statistics in the table below the argument seems relevant that one of the major causes of our slow economic growth was lack of higher education institutions. In the early days of this country only 2 public sector and none of the private sector university was there, however the growth can be judged from the fact that now 89 public sector and 67 private sector universities are there in Pakistan.

The growth of higher education institutions in Pakistan is one of the remarkable developments of the past two decades, and its private sector even occupies nearly 44% country's share today. The private sector higher education many of them for-profit or quasi for-profit, represents the fastest-growing sector nationwide.

The service sector is now considered to be an important sector and has got a vital role in many countries economies (Abdullah, 2006). Due to this vitality in the countries boom the construction of service quality model is considerably topical concern in the literature of service quality (Baron et al., 2009). The debate predicting the competitiveness identifies that educational service quality of any institution directly relates to the students' satisfaction. Only those institutes survive who are able to maintain a degree of competitiveness matching to the competitor institutions. However, the degree of competitiveness has to be based on either cost leadership or differentiation (Birnbuam, 2000).

Farhat (2011) analyzed the role and performance of the higher education sector of Khyber Pakhtunkhwa over the last decade, has contributed   a significant share in socio-economic development of the area. However, there is alarming realization that the prevailing effects of globalization, students' mobility, and technological diffusion, ongoing institutional collaboration at national and international spectrum and profit motives are intensifying competition amongst all players of the higher education sector irrespective of their public or private status. The intensity of competition, that has come to stay with globalization, would certainly lead to elimination of competitively weak institutions and support survival of the fittest. Similarly, Porter (1995) has provided a framework through which competitiveness at any level within the organization and with other organizations can be measured and documented that every organization can use the framework for analyzing the competitiveness the same framework is being used here in this study to find the competitiveness in public and private sector universities of KPK. Farhat (2011) conducted a study on Competitive analysis through Porter five forces model in higher education and argued that competition

exist in higher education institutions and all institutions making their plans and strategies to encourage students and outperform its rivals. Pringle (2011) took an industry analysis using Porter' five forces model for understanding the universities in Ontario and the study evidenced the existence of competition among various universities for quality. The competitively outperforming organizations and firms can outperform the market and hence universities with equipped facilities are liked by the students (Kundi et al., 2014). Ogutu (2015) studied Porter's five forces framework for measuring the competitiveness in public sector universities in Kenya. However, there is no study found focusing the private as well as the public sector universities of KPK Pakistan.

Research Objectives
a. To compare and analyze the level of educational service quality in students between public and private sector universities in KPK.
b. To identify the differentiation in term of competitive analysis in public and private universities based on Porter's Five Forces Analysis Model.

Literature Review
Abundance of literature there on service quality and competitiveness in the world.
Service Quality in Higher Education
DeShields et al. (2005)argued that higher education institutions should make such principles and strategies which will make these institutions as profit making; these strategies will help them to get competitive advantage, which will definitely improve their student's satisfaction. The same kind of findings was documented by many academicians, who argue that service quality assurance helps in improving students' satisfaction (Hemsley-Brown and Oplatka, 2006). Higher education institutions urge to upgrade their service quality and needs of the expectations (DeShields et al., 2005).

According to Oldfield and Baron (2000), higher education can be seen as a "pure service," suggesting that it possesses all the unique characteristics of a service (Section 2.2.4). More recently, Gruber et al. (2010) stated that higher education service exhibit intangibility, perishability and heterogeneity. This is mainly due to the fact that most of these institutions have varying nature of services and difficult to standardized. Higher education as a service also satisfies the perishability criterion since it is difficult to store. However, ways to overcome this are evident, for instance, the emergence of e-learning and video technology (Cuthbert, 1996) over the past fifteen years. Keeping

this in view higher education service sector attempts to a remove the element of perishability and continuously in bringing innovations and technological advancement. It is worth standing to mention that like other businesses, higher education as a service have very different stakeholders with varying interest. According to Sultan and Wong (2010) argued that the research of service quality in higher education institutions in very new one while comparing to the research of commercial sector. There have been tremendous changes in service sector of these institutions, which have affected the students' satisfaction (Gruber et al., 2010).

In 24 terms of the student as the stakeholder, DeShields et al. (2005) argue that the higher education sector needs to continue to deliver a high quality service and satisfy students in order to succeed in a competitive service environment. Therefore, attempting to evaluate the level of service quality and understanding how different factors impact overall service quality is crucial so that higher education institutions can design their service in the best possible way (Abdullah, 2006). Furthermore, knowing the strengths and weaknesses of different factors and their relative influence may lead to better allocation of resources, resulting in students being provided with an improved service (Abdullah, 2006).

Market Competitiveness

Companies and firms compete for retaining and maintaining their customers and hence develop strategies to sustain in the competitive market. Similarly, higher education market has competitive institutes in both public and private sector institutes. A student at graduate level will be contesting to get admission into a good university, where he/she will develop his or her knowledge, skills, and competencies. Therefore, the higher education institutes require understanding how to attract and retain students to get admission in their institutes.

Market competitiveness for Higher Education

Marketing in higher education has a very different role today than it had only a few decades ago: from advertising, publicity, lobbying and fundraising as sporadic, nonsystematic activities, it has developed a totally new dimension with emphasis on image and reputation creation, attracting new and alternative financial resources.

The discussion should be open on how well the marketing strategies are designed for higher education institutes that enables organization for the implementation of these strategies (Birnbaum, 2000).In the context of marketing orientation the process of higher education is seen as an exchange process where institutions offer different knowledge, skills and competencies, preparation for career,

satisfaction and other benefits to their customers by using different resources, and in return they receive tuition fees, donations, time and energy from their stakeholders (Štimac & Šimić, 2012). Due to the better choices available in higher education service providers, students today look for value added: better service, program quality and value for money. The major goal of higher education institutions is to deliver high service quality and it is necessary that all stakeholders cooperate in creation of such service which opens space for customer relationship marketing. In order to fulfill this goal higher education institutions, have to implement marketing on both strategic and operational level in order to create stable structure and system.

Conceptual Framework
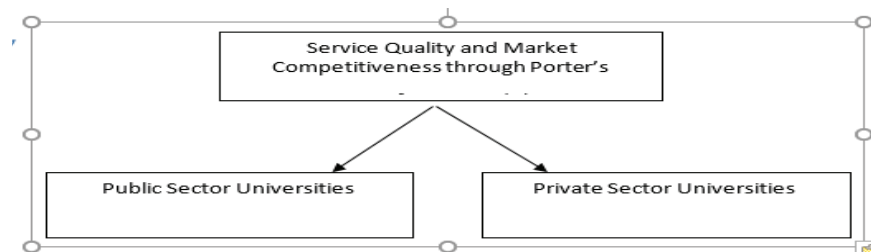
Hypotheses

H1: There is significance difference in the service quality dimensions i.e Tangibility, Reliability, Assurance, Responsiveness and Empathy in public and private sector universities of KPK.
H2: There is significance difference in the competitiveness forces dimensions i.e.bargaining power of buyers, bargaining power of suppliers, substitute products, rivalry and new entrants in public and private sector universities of KPK

Methodology
Sample Description and Data Collection
The study covers two areas the service quality and competitiveness of public and private sector universities in KPK, so all public and private sector universities in KPK are the population. The service quality has been measured using convenient sampling technique analyzing total 650 students comprise of 325 from public sector universities and 325 from private sector universities.To analyze the level of competitiveness in these both public and private sector universities 350 administrative and faculty members were analyzed in both public and private sector

universities. Total 350 questionnaires distributed among the administrative and faculty members in these universities and obtained 306 in complete form, which account for 80 percent response rate. The primary data for the study was collected using questionnaire on five Likert scale for all dimensions of competitiveness (porter, 1980) and changed as per the domain of HEIs domain.

Reliability and Validity

The data was tested for reliability for all five variables representing theservice quality and five variables explain the competitiveness, and obtained values of Cronbach's alpha above 0.7, which document the reliability of the data (Hair et al. 2006). The data was also tested for the validity using EFA and found that the KMO value reported for all the variables of both service quality and competitiveness are above 0.6, which documents the suitability of the data (Feidel, 2007). The standardized factors loading exhibited that loading of all variables of both service quality and competitiveness reported are above 0.6 for each question of each construct, which predicts the validity of all questions of the constructs for service quality and competitiveness.

Data Analysis

Data analysis comprised of comparing the service quality and competitiveness in public and private.

T-Test for Comparison in public and private sector universities Service qualities

Table 1 T-Test for mean comparison for service quality between public and private

Variables Sig2Tail	Mean Difference	Leven Test	P .Value
Tangibility	0.0423	0.002	0.000
Assurance	0.1333	0.000	0.000
Reliability	0.1532	0.623	0.068
Responsiveness	-0.1247	0.001	0.000
Empathy	-0.1301	0.001	.000

The above table predicts the results of independent t-test conducted for knowing the difference in service quality in public and private sector universities. The Leven's test and sig2 tail test both are significant at 5% probability level, which show that there is significance difference in the responses public and private sector universities students regarding the tangibility dimension of service quality. The results show positive sign of mean difference which conform that public sector universities are better in tangibility. Similarly, assurance demonstrates positive mean difference between public and private universities and show significance values for

Leven's test and sig 2 tailed, which predicts a significance difference in public and private universities in term of assurance, here the results show that public sector universities do well in term of assurance. The results show insignificant value for reliability in both Leven's test and sig 2 tailed, which signifies that reliability dimension of service quality is the same in both categories of universities. However, responsiveness and empathy showing greater value in private sector universities, which signify that private sector universities are rich in term of responses and empathy.

T-Test for Comparison in public and private sector universities competitiveness

Table 2 T-Test for mean comparison for competitiveness between public and private

Variables	Mean Difference	Leven Test P. Value	Sig2Tail
Rivalry	0.1243	0.292	0.310
Entry barriers	-0.8653	0.000	0.000
Bargaining power of buyers	-0.5532	0.000	0.000
Bargaining power of supplier	-0.4321	0.001	0.001
Substitute threats	-0.4301	0.001	0.001

Table 2 showing the comparative analysis of competitiveness in public and private sector universities. The results demonstrate insignificance difference for public and private sector universities in term of rivalry. Entry barriers show significance difference for public and private with higher mean for private sector universities. Bargaining power of buyer, supplier and substitute threats also showing significance difference in public and private, with a higher means for private sectors universities due to their negative values.

Conclusion

This study was aimed to comparatively analyze public and private sector universities for knowing their service quality and competitiveness in the context of KPK. The competitive landscape of higher education institutions market is changing like other service sector industries. Higher education institutions are striving to position themselves at strategically better place against their competitors. Although there is not much competition at the moment between public and private sector universities of Khyber Pukhtunkhwa because of the public labeling with one of the group. The sample size for measuring the service quality is 650 students from both public and private sector universities and 350 administrative staff and faculty for measuring competitiveness in these universities. The data has been collected through convenient sampling techniques. The t-test results reported significance mean difference of

service quality i.e tangibility dimension, assurance, administrative responses and empathy dimension of service quality show significance difference in public and private sector universities. The reliability dimension of service quality showing insignificance mean difference in both public and private sector universities. The results are in line with previous studies which got somehow similar results to this study(Sultan and Wong, 2010; Gruber et al, 2010).The results show strength for public sector universities in term of tangibility and assurance, whereas private sector universities showing strength in their responses services and empathy dimension. The t-test results for competitiveness showing insignificance difference for rivalry in public and private and significance difference in other competitive forces i.e bargaining power of buyers, suppliers, entry barriers and substitute threats. This study can help the authorities in higher education institutions by knowing the level of service quality dimensions in public and private sector universities. Similar studies cane be conducted comparing engineering universities to each other and medical colleges to each other for measuring their service quality and competitiveness in Pakistan.

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