# The Relationship between Corporate Image and Service Quality in Institutions of Higher Education

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**ABSTRACT:**

The number of institutions of higher education has increased enormously leading to the competitive environment among them as well. The educational institutions, like any other service provider, need to focus on their competitive advantages. One of the main competitive advantages is the service quality. The main objective of this paper is to examine whether any relationship exists between corporate image and the service quality or not. The study has been done on the basis of literature review of various studies. The study suggests that the positive significant relationship exists between the two.

**Keywords:** Corporate image, service quality, institutions of higher education.

**INTRODUCTION:**

The importance of corporate image, mostly for service providers, is being considered as highly significant and is mostly evaluated by assessment of customers of the service received by them. Gronroos (1984), believes that if service firm has a positive image, then even if minor errors are committed that will be overlooked by customers and will not have negative effect. This is how a good corporate image helps the firms to compete when the opponents can offer alike products/services. Besides being a significant part of tactical marketing, image also contributes to long term brand-equity, thus, one of the major bases why researchers want to explore it (Keller, 1993). Corporate image has become a ground for sustainable competitive benefit. On the other hand, research scholars (Kotler and Fox, 1995), believe that image is not based on complete information, therefore, differs for different publics of an institution.

**SERVICE QUALITY:**

Service providers can be called as the ambassadors of an organization because they are ultimately responsible for the balance of quality in service in the mind of the customer (Surprenant and Solomon, 1987). Although service quality has been explained as perception of customers (Zeithaml et al., 1990), but it is the service provider that creates and delivers the service. In reality, they operate like a boundary-spanning with the intention of linking business organizations from inside and outside, by obtaining and disseminating the information to all parties. This is the reason that they are also known as ones who exhibit their optional acts or the ones who travel too far in order to perform their duty for their customer (Chung and Schneider, 2002; Solent, 2006; Slatten, 2008). As per Park et al., 2006, service quality is very important for

the development and sustenance of customer associations. Lin et al. (2009) pointed out that since the customer satisfaction and customer loyalty are strongly influenced by service quality, it helps service firms in strongly determining whether they will fail or succeed in the competitive environments.

**RELATIONSHIP BETWEEN CORPORATE IMAGE AND SERVICE QUALITY:**

Groonroos and Lehtinen & Lehtinen (1982) have given a lot of emphasis to the importance of corporate image in the experience of service quality. According to them, the perception of customers regarding service quality is comprised of three components. These three components are – function or process dimension, technical or outcome dimension and image. Lehtinen and Lehtinen (1982) described service quality in terms of physical quality, interactive quality and corporate quality. According to them, corporate quality represents the image credited to a service provider by its existing and prospective customers and that, when compared with the other two quality dimensions, tends to be more stable over time. Gronroos (1984) put forwards that if the service organization has a favorable image in the minds of consumers, then the quality perceived by them about all the services offered by the organization will be more strengthened. Corporate image, hence impacts a customer's evaluation of service quality, satisfaction and loyalty (Darden and Schwinghammer, 1985; Andreassen and Lindestad, 1998; Zins, 2001). In the perceived quality model, given by Gronroos (1988), the perceived quality is being regarded as a function of expected and experienced quality. The expected quality is caused by the market communication, image, word of mouth and the needs of customer while the experienced one comes from technical and the functional quality. Thus, Gronroos refers to corporate image as a filter which has an impact on the perception about the company's operations.

In view of the fact that organizations have a number of diverse public, Dowling (1988) put forwards that a company does not have one image but multiple images. Aaker and Keller (1990) have referred to corporate reputation as perception of quality linked with corporate name. Bitner (1991) put forwards that in the evaluation of any service, brand image has been observed as a significant aspect. According to Gummesson (1993), the quality perceived by customers is a function of quality in fact and in perception, leading to the development of the knowledge systems of customers which helps them in developing their concepts about the organization. Thus, corporate image and reputation is an issue of attitudes, feelings and beliefs that customers develop about an organization. It is the corporate image which becomes the reason for choosing one organization instead of the other. Brown and Dacin (1997) assert corporate image can be obtained from the perceptions of customer of capacity (company's expertise in delivering product and service offerings, such as effective innovation and high service quality) and social responsibility (company's management of social issues). Similarly, in the same year, Andreassen and Lindestad confirmed that corporate image has a positive relation with the perceived service quality. Then, again in 1998, Andreassen and Lindestad carried out a research work to analyse the impact of corporate image in the formation of loyalty in Norway. One of the major results of the study pointed out the existence of positive relationship between the corporate image and quality. Corporate image makes the way easy for the client designed for the assessment of the service quality and satisfaction (Andreassen & Lindestad, 1998; Zins, 2001). In 1998, Bloemer et al. put forward that a positive image of a bank leads to the improvement in the perceptions of service quality, thus, proving that brand image critically determines the service quality. Cabral (2000) puts forward that it is the reputation of the seller that has an impact on the perceptions of the quality of the products which are being sold by the seller. Zins (2001) argued that various

positive experiences will eventually direct to favorable image and choice. Many scholars (Zins, 2001; Palacio et al., 2002; Alves and Raposo, 2010, Abd-el-salam et al., 2013) have concluded that either corporate image is being examined as a precursor or an outcome; the four variables - corporate image and reputation, quality, satisfaction and loyalty share a strong bond with each other. According to Gronroos, 2001, every time the customers have an encounter with the service firm, they have the experiences and overall perceptions of the firm in their minds. As per him, favorable image is an asset to the firm; the image has an impact on the customer's perceptions of the communication and operations of the firm in numerous ways. If the image is favorable, the customers will ignore their minor mistakes, but, on the other side, if the image is negative, the minor mistakes will get exaggerated. This leads to the conclusion that the image works as a filter for the customer's perception of quality. According to Kang and James (2004), functional and technical quality of a service influences perception of service quality, but these influences are strongly moderated by image of the service provider. They also showed that the influence of functional quality on image is found to be much higher than the influence of technical quality.

As per the signaling theory put forward by Erdem and Swait (2004), the institution's interactions, established in the way of building the latter's reputation meant for social responsibility and capability, generate a depository of reliable information signals. Customers utilize these cues to find out the quality and value of the intangible services the firm provides (Teas and Agarwal, 2000). Furthermore, many studies that applied signaling theory to an online environment have found that a vital role is being played by reputation in favor of consumers in determining the product quality of an online vendor (Chen and Dubinsky, 2003; Kwon and Lennon, 2009). Aydin and Ozer (2005) state that a corporate image emerges from a customer's net consumption experience; hence, perceptions of service quality affect corporate image. Corporate image is

being considered as one of the important factor while making the total assessment or evaluation of service quality (Kim and Lee, 2010). Chao-Chan Wu (2011) examined in the healthcare industry the relationship between the hospital brand image, service quality, patient satisfaction and patient loyalty. For the purpose of this study, two large-sized private hospitals in Taiwan were considered. The sample size was 437 which consisted of 52.4% females, 61.2% were between the ages of 40 and 60 and 43.5% were graduates. One of the major findings of the study was that the corporate image has a significant positive effect on service quality. The study showed that corporate image improves the service quality which leads to improvement in satisfaction which results in the enhancement in loyalty. Thus, indicating that corporate image plays an important role in improving service quality. The research work was conducted by Abd-El-Salam et al. (2013) to examine the relationships among the four variables, i.e. corporate image and reputation, quality, satisfaction and loyalty and also testing the presence of mediator i.e. customer satisfaction between quality and loyalty. The data was collected from 650 customers of an international service company of Egypt. One of the results included that a positive significant link exists between corporate image and reputation and overall service quality.

According to Wang, Lo and Hui (2003), it is the service quality that leads to increase of reputation in banking industry in China. Thus, some of the studies point out that it is the service quality that has a powerful impact on corporate image (Gronroos, 2007; Utami, 2008; Kurniati et al., 2015). The study conducted by Yan, Yurchisin and Watchravesringkan (2007) reported that the image of a store is very positively and significantly influenced by service quality expectations. Similarly, the study carried out by Shih-I (2011) to department store customers also pointed out that the service quality has a great impact on corporate image. He also reported in his study that it is the good service quality which leads to the building up of a good image of the

organization. Rahman (2012) attempted to investigate the key determinants that influence the perception of the customers in telecom industry in Bangladesh. The data was collected from 450 customers of Dhaka city of Bangladesh. He puts forward that for telecom customers, service quality precedes corporate image.

## IMPACT OF CORPORATE IMAGE ON SERVICE QUALITY IN INSTITUTIONS OF HIGHER EDUCATION:

Based on various studies, many research scholars (Paramewaran and Glowaka, 1995; Yavas and Shemwell, 1996; Landrum et al., 1998) believe that the market for the institutions of higher education is also facing competition like any other service provider. Thus, it has become compulsory for these institutions as well to have competitive advantage and one of the ways is to create a good image. When deciding about the donations or formation of contracts with these institutions, the donors also select them on the basis of their image. As per some scholars (Landrum et al. 1998; Ivy 2001), the outlook of the publics of these institutions is significantly determined by their images. People, when exposed to realities of the organization, intentionally or unintentionally start matching the facts with their attitudes and beliefs (Nguyen and Le Blanc, 2001). Then these facts help to reorganize the image every time the organization comes to their mind. The image of the profit-oriented organizations has been studied quite often when compared to non-profit oriented organizations (Kazoleas et al. 2001; Beerli et al. 2002; Arpan et al. 2003; Cervera et al. 2008). The students form images not only for university but also for their specific study program. Thus, images have a major contribution in the decisions of the students when applying for enrolment. Images can be created for many diverse units like products, brands and organizations (Fombrun, 1996 and Lemmink *et al.*, 2003), and countries (Passow et al., 2005). Building of images is considered as strategically important for many organizations,

especially for professional service firms (Zabala *et al*., 2005), even for higher educational institutions. Nowadays, government have also changed their way of funding the higher educational institutions, with monetary support being mostly strongly associated with the results of these institutions (Arnaboldi and Azzone, 2005; DeShields *et al*. 2005). For the purpose of selection of an institution, international students are mostly concerned about the image of the institution (Airey and Benett, 2007). The study conducted at Portugal by Alves and Raposo proves that the image of the institution of higher education is the base for competition and they also defined the image as totality of all the beliefs that an individual has towards the institution.

As per Harvey and Green (1993), there are many definitions available for quality in higher education but none is appropriate, reason being its complex and multi-faced nature, thus, each definition differs as per its criterion and perceptions and is being considered as 'stakeholder relative'. And while considering the student as a stakeholder, DeShields et al. (2005) referred that it is the requirement of the institutions of higher education to remain consistent in delivering a high level quality of service and satisfy students if they want to be successful in this cutthroat competition. Henceforth, it becomes very important for educational institutions to assess the level of service quality and understand the various factors that have an overall influence on the service quality, thereby, leading them to design their service in the best possible manner (Abdullah, 2006). Thereby, many higher educational institutions have made achievement of quality as their main goal. There are a number of studies that have focused on the significance of service quality in the institutions of higher education (Airey & Bennett, 2007; Shekarchizadeh et al., 2011; Annamdevula & Bellamkonda, 2012). Various institutes of higher education have started realizing this and are trying their best to compete in local as well as international market of students (Paswan and Ganesh, 2009). Moreover, nowadays students have many informal

platforms available to express their opinions with respect to their experiences, thus, making higher educational institutions more and more accountable for the quality they provide to students. Higher educational institutions have undergone considerable transformations which have lead them being considered as business like service industry, as they are focusing not only on satisfying but also exceeding the requirements of their students (Gruber et al., 2010). The research pertaining to the service quality in the area of higher education has been comparatively very less, especially when taken in comparison to commercial sector (Sultan and Wong, 2010).

The image and reputation of an institution is considered as very much vital when compared to quality as it is the image which helps the potential students in the decision making (Kotler and Fox, 1985). Thus, image turns out to be an asset for the institutions of higher education which helps them to be competitive. Joseph and Joseph (1997) investigated the determinants of the perceptions of students of service quality. The data was collected from 616 final year students of business programmes in New Zealand University. The study recognized seven determinants of service quality. Among these seven determinants, academic reputation was found to be the most significant factor while career prospects, programme issues, cost/time, physical aspects, site and other followed it. The group 'other' included the impact of word-of-mouth communication, family and peers have on students while choosing the university. Ford, Joseph and Joseph (1999) evaluated the New Zealand and United States student samples in their study in order to check the importance score of service quality in higher education. The observations, in case of sample taken for New Zealand, were the same as found in the previous study by Joseph and Joseph in 1997. In case of sample for United States, academic reputation preceded cost/time, programme issues, others, physical aspects and choice influences. The research work was carried out by Abdullah in 2006 in Malaysia for the purpose of designing an instrument only for the purpose of

measuring service quality in higher educational institutions. The data was obtained from students of six tertiary institutions throughout Malaysia. The sample size was taken as 409. The result included reputation of the institution as one of the basic criteria used by students while assessing the service quality of the educational institutions. Kandampully and Hu (2007) pointed out the significant relationship existing between service quality and satisfaction while corporate image playing the mediator role. Similarly, the research work conducted by Owino (2013) tested the relationship between corporate image, service quality and satisfaction. The sample was taken from the undergraduate students (1,089) of public and private universities of Kenya. The public universities chosen for the study were University of Nairobi (UoN), KU (Kenyatta University) and JKUAT (Jomo Kenyatta University of Agriculture and Technology while the private universities considered were Strathmore University, United States International University (USIU) and Kenya College of Accountancy (KCA) University. These universities were selected for two dominant reasons – one being their visible images and the other being the largest enrolment number of students. The work concluded that relationship between the former two is statistically very significant which means that if the level of service quality is high; the level of perceived corporate image will also be high. In other words, the university providing outstanding service is very much expected to have a favorable corporate image. He also pointed out in his study that corporate image partially mediates the relationship of service quality and satisfaction and makes the relationship stronger. Fares et al.., 2013, examined the link between service quality, student satisfaction, and university reputation and student loyalty. They collected the data from 160 students of International Islamic University Malaysia of the batch 2012/2013. One of the observations made by them was that service quality has a significant and positive relation with the university reputation.

**CONCLUSION:**

The main objective of this study was to examine the relationship between corporate image and service quality in higher educational institutions by studying the literature review. Various studies have concluded that corporate image has a significant and positive impact on service quality. The vice versa effect have also been observed that if service quality is high, corporate image is also high. Thus, indicating that universities need to work on establishing their images which will help them to have good quality service. Positive university image makes students to believe that the quality provided by them will also be positive. The increase in the competition among institutions of higher education has bestowed increased importance to service quality as competitive advantage. Thus, institutions need to understand the significance of the association of corporate image with service quality.

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