Examining the influences of service quality and corporate image on students' loyalty of boarding schools in the UK: A study of Chinese students

Abstract

The purpose of this study is to explore the impact of service quality and corporate image on students' loyalty of boarding schools in the UK. Valid responses obtained from Chinese students in British boarding schools (n =300) were analysed using structural equation modelling. The results of the empirical research on Chinese students reveal how students' loyalty relies on the level of service quality and corporate image. Additionally, corporate image mediates the relationship between service quality and students' loyalty. Different from previous studies that investigated service quality in the higher education sector, this study extends the extant literature by examining the importance of corporate image on boarding schools. The results also corroborate the applicability of the five dimensions of SERVQUAL model to the boarding school sector.

1. Introduction

A large number of Chinese families have chosen international boarding schools as the destination for secondary education of their children. Independent Schools Council (2017) reported that the number of pupils in boarding schools whose parents live in Mainland China and Hong Kong are two biggest groups among the number of non-British pupils. Influenced by Chinese culture that stresses the importance of education, Chinese students are keen to study abroad with the purpose of achieving better career in the future. British boarding schools are some of the popular destinations for students. Boarding schools in the UK are considered as independent (private) schools; they have no state funding and rely on tuition and other external funding. Boarding schools have provided the distinctive social learning environment where students can develop their knowledge and skills through life experiences. Students and their parents choose a boarding school based on the convincible evidences of service quality and corporate image of boarding schools. Boarding schools that enhance their service quality will likely attract and retain students and improve their competitiveness. The service marketing of boarding schools is still an unexplored domain. These phenomena call for more research on examining students' perceptions of service quality and corporate image in the context of boarding schools. The purpose of this research is to contribute to understanding how Chinese students' loyalty is developed within the sector of boarding schools in the UK. Specifically, the research questions to be addressed in this study are: 1. Can five dimensions of SERVQUAL be applied to measure service quality of boarding schools? 2. What are the relationships between service quality, corporate image and students' loyalty in the boarding school's learning? 3. What role does the corporate image, measured by cognitive and affective images, play in students' loyalty of boarding schools?

2. Theoretical framework and hypotheses

Parasuraman, Zeithaml, and Berry (1988) delineate service quality as the difference between customer expectations of the service to be received and perceptions of the actual service received. Given that service quality is conceptualised as an evaluation or attitude associated with the overall performance of the service (Parasuraman, Zeithaml and Berry, p.15, 1988), Parasuraman et al. (1988) developed SERVQUAL scale to measure services, consisting of five quality dimensions (i.e., reliability, responsiveness, assurance, empathy, and tangibles). "Tangibles" contains the physical appearance of facilities, equipment, and personnel. "Reliability" encompasses the capability to deliver the promised service dependably and accurately. "Responsiveness" depicts the willingness to help customers and give speedy service. "Assurance" represents the knowledge and politeness of employees and their capability to motivate trust and confidence. "Empathy" indicates the kind and personalised attention given by the employees. In view of the criticism on the evaluation of the gap between expected and perceived quality (Cronin & Taylor, 1992), this study employed the perception dimension of

SERVQUAL. Although SERVQUAL has been widely validated in a number of service industries, it has not been applied to a secondary educational setting. Grönroos (1984) notes that a service firm's image is affected primarily by technical quality and functional quality. Based on the aforementioned rationale, we put forth the following hypothesis:

H1: Service quality has a positive impact on corporate image.

Lovelock and Wirtz (2011) also refer to service quality as the consumer's experience and judgment of the consumption procedure. The enjoyable experiences through interacting with the services help customers develop their loyalty to the service providers (Parasuraman, Zeithaml, & Berry, 1985). Zeithaml et al. (1996) suggest that customer loyalty can be measured by repurchase intentions, word of mouth referrals and price sensitivity. It is likely that loyal customers become good promoters for recommending the institution to others. Well-performed services result in high level of perceived service quality which in turn encourages customers to reuse the particular service. Based on the aforementioned discussion, we formulate the following hypothesis:

H2: Service quality has a positive impact on students' loyalty.

Brand image is a subjective perception, belief, or impression, which is generally related to the sum of brand associations in consumer mindset (Keller, 1993; He & Lai, 2014). Heinberg et al. (2017) argued that corporate image or reputation influences Chinese purchasing decisions. The image of boarding schools in a global competition is crucial, as it influences the marketability of their courses/staff and affects student recruitment, as well as retention. The extant literature associated with the characteristics of corporate image in the context of boarding school education sector is scarce. In this sense, this study proposes cognitive and affective images to examine students' perceptions of boarding school services The cognitive image reflects a brand's utilitarian aspects, whereas the affective image represents a brand's emotive aspects (Keller, 2003). Alwi and Kitchen (2014) identify that cognitive and affective brand attributes are important for business schools' strategic brand positioning. Chen and Myagmarsuren (2011) note that brand image provides information to evaluate overall performance of the particular service.

Selnes (1993) demonstrates that brand reputation is the strongest predictor of customer loyalty in commercial markets. Previous research shows that brand image leads to positive behavioural responses of the customers to the particular institution such as customer loyalty, which may create a strong tendency to repurchase and willing to pay a higher price, and a strong preference on the services (e.g., Kwon and Lennon, 2009). Although there is sufficient evidence on the link between corporate image and customer loyalty, the relationship between these two constructs is yet to be confirmed in a boarding school setting. Drawing on the previous findings, the following hypothesis is proposed:

H3: Corporate image has a positive impact on students' loyalty.

Despite that corporate image has been substantially discussed in marketing literature, the

mediating role of corporate image is still under-explored particularly within the context of boarding schools. Students who study in the boarding schools are largely motivated by the desire to obtain a genuine experience of studying life. In the same vein, a favourable image, resulting from the perceived service quality, may noticeably account for the creation of students' loyalty by achieving or exceeding students' expectation for a pleasant experience. Following this reasoning, it is inferred that perceived service quality contributes to students' loyalty via developing a favourable image of boarding schools. Given that service quality tends to affect customer loyalty through corporate image, this study proposes the mediating role of corporate image on the relationship between service quality and students' loyalty, in the realm of boarding school's study.

H4: Corporate image exerts a mediating effect on the relationship between service quality and students' loyalty.

3. Method

All measurements were borrowed from prior studies and adapted to fit the boarding school context. Items for service quality were obtained from five dimensions of SERVQUAL scale, portrayed by Parasuraman, Berry, & Zeithami (1988; 1993). Corporate image was measured by cognitive and affective images. Three items for cognitive image and three items for affective image were taken from Alwi and Kitchen (2014). Three items were created to measure students' loyalty, adapted from Zeithaml, Berry, & Parasuraman (1996). Participants were asked how likely it was that they would conduct certain actions (e.g., say good things about your boarding school or recommend it to others). All measurement items were measured on a 7-point Likert scale anchored from "strongly disagree" (1) to "strongly agree" (7). The questionnaire was pre-tested to identify whether the participants actually understood the true implications of the questions. 30 responses were analysed to determine the items' reliability via Cronbach's alpha. The overall reliability ranged from 0.799 to 0.985, indicating good internal consistency for all measurement items (Nunnally & Berstein, 1994). The survey data were collected through one educational agency using pencil-and-paper questionnaires. To obtain a representative sample, quota sampling was applied. All of the participants were randomly selected from 30 boarding schools in the UK using a self-administered survey questionnaire. After discarding the unusable questionnaires with missing values, 300 useful responses were obtained. Males (59%) made up of the majority of sample compared to females (41%). 81.3% were aged between 11 and 20 years old (81.3%). 59.3% were from Hong Kong and 33% were from China. The length of study in boarding schools was found to be 1-5 years (72.7%), followed by less than 1 year (24%) and then more than 5 years (3.3%).

4. Analysis and results

Following the two-step approach, proposed by Anderson and Gerbing (1988), the

measurement and structural models were examined using AMOS 21.0. Confirmatory factor analysis (CFA) was firstly conducted to evaluate the validity of each construct in the research model (Hair et al., 1998). The causal relationships among all constructs (Hypotheses testing) were examined by path analysis.

The CFA results of the measurement model provided an excellent fit to the data (CMIN/DF = 2.387; RMSEA =.068; GFI =.875, AGFI =.833, NFI =.940, RFI =.926, IFI =.964, TLI =.956, and CFI =.964). Cronbach's alpha values were above 0.7 and all factor loadings were above 0.7 and highly significant ($p<0.001$), reaching a satisfactory reliability level (Bagozzi & Yi, 1988). The composite reliability values (CR) were greater than the accepted threshold of 0.70 and the average variance extracted (AVE) for each construct was higher than the critical threshold of 0.50. Moreover, each construct's CR exceeded its AVE (Hair et al., 1998; Fornell & Larcker, 1981). Convergent validity of the measurement model was therefore achieved. Furthermore, each square root of AVEs is larger than its correlations with the other constructs, thereby discriminant validity was fulfilled (Fornell & Larcker, 1981). Harman's single-factor test is employed due to the potential common method bias in the self-administered survey (Podsakoff et al., 2003). The results show that multiple factors were extracted rather than a single factor and no single factor accounted for most of the variance in the variables, revealing that common method bias was not an issue.

To test our hypotheses, path analysis was conducted. Overall, the model had a satisfactory fit with the data (CMIN/DF = 2.387; RMSEA = .053; GFI = .875, AGFI =.833, NFI = .940, RFI =.926, IFI =.964, TLI =.956, and CFI =.964). Hypothesis testing was conducted via structural equation modeling after the overall model fit was confirmed. Service quality had a positive influence on corporate image (b=0.929, $p<0.001$), supporting H1. Service quality had a positive effect on students' loyalty (b=0.302, $p<0.001$), supporting H2. Corporate image had positive influences on students' loyalty (b=0.669, $p<0.001$), supporting H3. All of these path coefficients were above 0.30, deemed as meaningful (Chin, 1998). The R^2 evaluates the degree of the model explaining the variance in the dependent variables (Chin, 1998). The high R^2 signifies the model's predictive validity. Overall, the structural model predicted 91.6% of the observed variance for students' loyalty, 86.3% of variance for corporate image.

To test the mediating effect that corporate image has on the relationship between service quality and students' loyalty, this study adopted Baron and Kenny's (1986) approach. First, the results showed that service quality has a positive impact on students' loyalty when corporate image was not included in the testing model (b=0.922, $p<0.001$). Second, the path coefficient of service quality on the outcome variable (students' loyalty) decreased after the mediating variable of corporate image was included (b=0.302, $p<0.001$). Third, as the corporate image is the mediator in the testing model, service quality demonstrates a positive and significant impact on the mediator (corporate image), and the mediator has a significant influence on boarder's loyalty. To verify the significance of the mediating effect, we adopted the Sobel's z-statistic

test (Sobel, 1982). If the z value is above 1.96 (p < 0.05), mediating effect is confirmed. The z value for the indirect relationship between service quality and students' quality was 5.25 (p = 0.000). Therefore, we conclude that corporate image partially mediates the relationship between service quality and students' loyalty, supporting H4.

5. Discussion of findings

This study investigates the integrative service marketing model by determining how students' perceptions of service quality and corporate image influence their loyalty. Our findings confirmed the mediating role of corporate brand images, comprising of cognitive and affective images, between service quality and students' loyalty. Service quality influences the degree of customer loyalty by forming a favourable or unfavourable corporate image. In addition, both cognitive and affective images significantly impact on the students' loyalty of boarding schools in the UK. In line with prior studies (Seto´-Pamies, 2012; Kuo & Ye, 2009), our study also shows that the SERVQUAL scale is applicable to the boarding schools' context and supports the robustness of five dimensions of SERVQUAL to measure service quality. This study bridged the gap in the educational service literature by identifying the relationships between service quality, corporate image and the students' of boarding schools in the UK. Our study also shed new insights into the indirect relationship between service quality and students' loyalty by examining the mediation of corporate brand image made up of cognitive and affective images. The importance of corporate image highlights the necessity of marketing communication toward the potential customers, which contributes to creating higher level of customers' perception of corporate image. Lastly, our findings advanced the current understanding of boarding schools.

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