Empirical evidence on the impact of tuition fees on students' satisfaction, value, service quality and recommendation (0041)

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Introduction and Context

Today, HEIs are operating in a competitive environment and are becoming more entrepreneurial in marketing their services, attracting students as well as raising funds from industry and other external bodies as a consequence of the dramatic changes that the HE sector has experienced in recent years. Policy makers require HEIs to be accountable and efficiently deliver educational services at high standards. The establishment of a market for higher education has been considered favourable by decision makers where competition between HEIs will drive up standards and provide wider choices for students (Lunt, 2008).

The massive expansion of higher education in terms of student numbers, whether driven by demand or government initiatives, has not been accompanied by an increase in funding. On the contrary, public spending per student has decreased as subsequent governments since the early 1980s made considerable funding cuts in pursue of efficiency within the broader public sector and deficit reduction (Robertson, 2010). As a result of the funding crisis, students have now been asked to substantially contribute towards their tuition fees. HEIs are now allowed to charge students up to £9000 a year in England. This has led to the notion of students as customers who demand better educational services from HEIs (Eagle and Brennan, 2007). As paying customers, students are increasingly becoming more concerned about the value and quality of the services they receive. A recent report commissioned by the Quality Assurance Agency concluded that *"students have a consumerist ethos towards higher education, wanting 'value-for-money'"* (Kandiko & Mawer, 2013). The fact that HEIs are becoming more dependent on tuition fees directly paid by domestic and international students within a competitive market, they will need to place greater focus on the value and quality of the educational services they deliver and manage the total student experience.

While conceptual models of perceived value, service quality and satisfaction have been extensively examined in consumer research, this is less evident in higher education research. In addition, it is of great interest to understand the impact of the increase in tuition fees on students perceived service quality, value, satisfaction and intention to recommend their

university. As first and second year students paid higher tuition fees (£9000) in comparison to third year students (£3375) for the last time in the academic year 2013-14, this research study seeks to empirically test whether differences exist in students perceptions of service quality, value, satisfaction and recommendation. This study uses Year of Study as a proxy to distinguish between students paying variable tuition fees. When assessing the overall student experience in terms of services received, satisfaction and their intention to recommend, it is expected that Year 1 and 2 students who paid higher tuition fees (£9000) will be more critical in comparison to Year 3 and 4 who paid lower tuition fees (£3375) in the academic year 2013-14.

Research Methodology

This study used a research instrument to collect quantitative data from a sample of 365 students at one UK University. Perceived value was measured with items adapted and modified from the study of LeBlanc and Nguyen (1999). Items for service quality and recommendation were borrowed from Clemes (2013), while measures for satisfaction were taken from Ledden et al. (2007). All items were measured on a 7-point Likert scale. An item breakdown of the questionnaire is given below:

Constructs/Item measures:

- Perceived value conceptualised as a six-factor construct:

    - Functional value: 3 times

    - Epistemic value: 3 times

    - Image value: 3 times

    - Emotional value: 3 times

    - Exchange value: 3 times

    - Social value: 4 items

- Service quality: 3 global items

- Satisfaction: 3 global items

- Perceived value: 3 global items

- Recommendation: 3 global items

Research Findings and Discussion

Key ANOVA results (see Table 1) showed statistically significant differences between groups of students paying varying tuition fees when evaluating overall value. Indeed, higher tuition paying students were more critical about the overall value they receive at their university in comparison to students paying lower tuition fees. However, when examining individual components of value, this study found some important results. As expected, the introduction of higher tuition fees negatively impacted the component of exchange value. Year 1 and 2 students had lower evaluations on all three items of exchange value. These students did not perceive that their university offered education at reasonable prices. It was also apparent that, as students progressed towards the second year, they were even more critical in their evaluations of exchange value and overall value. What was surprising and unexpected in this research study was the finding that year 1 students rated items of functional and emotional value much higher that year 3 students. Differences in item mean scores were observed to be statistically significant for the groups. Finally, statistically significant differences in mean scores were obtained for some items referring to image value, social value and recommendation between groups. There were no significant differences between groups paying varying tuition fees in evaluations of service quality and satisfaction.

The findings of this study have important implications for the management of HEIs. While it was evident that students were critical about the overall value and exchange value they receive at their university, the introduction of tuition fees had less impact on other components of value, service quality and student satisfaction. As value is a multidimensional construct, HEIs should focus on exploiting the positive evaluations of key components of value to reduce the impact of higher tuition fees on exchange value and overall value.

To conclude, this study has contributed to the literature through empirical evidence. To the knowledge of the author, this is the first study that has examined the impact of the increase of tuition fees on perceived value, service quality, satisfaction and recommendation.

References

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Table 1: ANOVA Results

| Construct | Item | Mean | | ANOVA | | Post Hoc Test |
		Year 1 N = 126	Year 2 N = 113	F	Sig.	Group Comparisons
Functional Value	1. A degree from the Business School is a good investment	5.81	5.34	5.240	.006	**1 and 3&4**
	2. A degree from the Business School will allow me to achieve my career goals	5.75	5.27	5.343	.005	**1 and 3&4**
	3. A degree from the Business School will allow me to earn a good salary	5.52	5.11	4.612	.011	**1 and 3&4**
Epistemic Value	4. I learn new things in many of my modules	5.05	5.11	2.444	.088	
	5. The content of my modules influences the value of my education	4.98	5.00	2.130	.120	
	6. The education I receive from my lecturers influences the value of my degree	5.07	5.10	.105	.900	
Image Value	7. I have heard positive things about my Business School	5.08	4.91	.652	.522	
	8. The reputation of my Business School influences the value of my degree	5.21	4.90	3.068	.048	**2 and 3&4**
	9. I believe that employers would have positive things to say about my Business	4.92	4.77	.555	.	

	School				.574	
Emotional Value	10. I am happy with the course I am currently studying	5.70	5.15	6.920	.0001	**1 and 3&4**
	11. I enjoy studying at the Business School	5.73	5.24	5.186	.0006	**1 and 3&4**
	12. The value of my education depends on my personal effort	6.10	5.87	.978	.3777	
Exchange Value	13. I believe that my university offers sufficient services for the tuition fees I pay	4.22	3.45	10.095	.0000	**2 and 3&4**
	14. When considering the services I receive from my university, I get value for money	4.08	3.41	9.391	.0000	**2 and 3&4**
	15. My university offers education at reasonable prices	3.48	2.92	26.431	.0000	**1, 2 and 3&4**
Social Value	16. Social activities at my university make my studies more interesting	4.85	4.42	3.615	.0028	**2 and 3&4**
	17. I have opportunities to meet interesting people throughout my degree	5.34	5.20	1.783	.170	
	18. I find modules more interesting when friends are in my classes	5.26	5.24	.596	.552	

Construct	Item	Mean 1	Mean 2	F	p	Post hoc
Service Quality	1. My university provides excellent service quality	4.74	4.60	.700	.497	
	2. Overall, the service quality of the university is high	4.95	4.59	3.278	.039	
	3. Overall, I think that the service quality offered by my university is excellent	4.68	4.35	2.436	.089	
Satisfaction	1. All things considered, so far I am satisfied with my university	5.34	4.85	5.055	.007	
	2. Overall, so far I am satisfied with my educational experience at my university	5.36	4.97	3.349	.036	
	3. My decision to study at this university was a wise one	5.52	4.97	4.811	.0009	
Overall Value	1. When considering the tuition fees I pay, I believe I receive fair value for money	3.63	3.34	19.813	.0000	1, 2 and 3&4
	2. Overall, the value I receive from my university is high	4.38	4.19	4.492	.0012	2 and 3&4
	3. Overall, my university provides good value for money	3.81	3.41	20.716	.0000	1, 2 and 3&4
Recommendation	1. I would recommend my university to someone who seeks my advice	5.31	4.77	5.664	.000	2 and 3&4

2. I say positive things about my university to other people	5.44	5.02	3.261	4.039
3. I would encourage friends and relatives to study at my university	5.39	4.87	4.314	.0014