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Perceived service quality-loyalty path: A PAKSERV based investigation of international students enrolled in business schools in Thailand

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ABSTRACT

We aim to examine the international student perceived service quality of Business Schools located in Thailand to link it with their intentions to remain loyal. The survey based approach is adopted to collect data from 300 international students enrolled in various business schools in Thailand. All the dimensions of PAKSERV except Personalization are found to positively contribute to student satisfaction, which strongly leads to their loyalty to business schools. This is the first study which validates the PAKSERV scale in a business school context while collecting data from international students – investigating their perceptions of service quality to link it to their loyalty to business schools. The findings call for investment in faculty and process development to improve the international student perceptions of business schools located in Thailand. The findings will help Thai higher education policymakers specifically to improve student perceived service quality in order to attract and retain international students.

1. Introduction

Education is imperative for the socio-economic development of nations. Educated individuals not only enable the economy to generate job opportunities but also contribute to the welfare of society (Apple, 2012). Since higher education is now regarded as a service, with students being the customers (a dominant view) (Judson & Taylor, 2014), universities, in order to survive in the realm of hyper-competition, are focusing on student satisfaction and loyalty. The student-as-customer mindset is attributed to lack of public funding to run the universities and a growing trend to privatize higher education in several countries. Another challenge is to attract and retain international students in a university which forms the basis for international rankings of higher education institutions (HEIs) (Hazelkorn, 2015). The mobility of international students and staff is an important determinant of university ranking and reputation which ultimately contributes to an increase in enrollments and sustainability of the university project. However, so far, universities across the globe have been unable to address the challenge of attracting international students and staff – their satisfaction and loyalty further contribute to the challenges facing higher education.

The trend towards attainment of professional education has increased – business schools are among the favorite destinations for students when opting for higher education (AACSB Publications). Despite a business school being the favorite destination, enrollments in B-schools have been either stagnant or declining. This is attributed to the lack of product differentiation on the part of the business schools as the core essence and identity of undergraduate and graduate business degree programs have been weakened (Thomas, Iñiguez de Onzoño, & Carmona, 2007). This has resulted in an enormous production of business graduates with fewer employment opportunities as the supply exceeds demand. The lack of employment opportunities, high fee structures, and a highly diversified (yet confusing) product mix offered by business schools have resulted in a stagnant and partially declining trend towards student enrollments in the Asian region as compared to the UK and USA (AACSB Publications).

Thailand as a country has long been recognized as a highly popular tourist destination for visitors traveling to explore the Asian region. The socio-political unrest has remained a reality over the years; however, despite this threat, the country is still able to attract a large number of tourists and international students (Vergara, Smith, & Keele, 2010). Currently, the socio-political scenario is far better as compared to previous years, but the number of international students is limited to a few business schools in Thailand. There are 155 HEIs in total, where 80 are public universities and the rest are private sector universities. Among all the students enrolled in the HEIs, 86 percent are enrolled in public universities (Thai Higher Education Facts). This is daunting for the private HEIs – for their survival and growth in the long run. Overall, the trend towards university education is also declining, which is a major threat for universities and also for the development of a welfare society (Thai Higher Education Facts). This is the major reason that business schools, despite offering a good quality of education, are unable to climb up the university ranking tables, thus are unable to attract international students and staff. The environmental threats are just one element – internal strengths are also never explored in the context of international student satisfaction and loyalty. This also requires an internal change in the brand strategy of business schools – driven by top management commitment (Herguner & Reeves, 2000). With a decrease in Government funding, where only 19.8% of the education budget is allocated to higher education, many Thai universities are facing a survival challenge.

This study contributes to the debate in two spheres. First, student satisfaction and loyalty is always an uphill task for a university to be able to maintain in the long run. Going one step further, the satisfaction of local as well as international students is imperative in order to attract and retain international students (Vergara et al., 2010) – to move up in the university ranking tables. There are studies where international student satisfaction and loyalty have been investigated; however, the traditional tools of service quality (e.g. SERVQUAL) were employed to investigate the extent of student satisfaction (Ali, Zhou, Hussain, Nair, & Ragavan, 2016; Shekarchizadeh, Rasli, & Hon-Tat, 2011). Since service quality is acknowledged as a cultural metaphor, the assessment of service quality should also be centered on culturally-sensitive scales. This study employs a new scale to investigate service quality, PAKSERV. The scale is based on the premise that service quality is a cultural phenomenon and a scale developed in a non-Asian setting (such as SERVQUAL and few others) cannot truly represent the perceptions of service quality among people from different cultural backgrounds. There is a difference in perceptions

concerning the same product among people from collectivist and individualistic cultural contexts (Furrer, Liu, & Sudharshan, 2000). Based on this assumption, the PAKSERV scale was developed in a predominantly collectivist cultural context of Pakistan (Raajpoot, 2004) and has been replicated several times by service quality researchers. However, in this study, the scale has been employed for the first time to investigate international student satisfaction with business schools located in a collectivist cultural context of Thailand. The context of business schools and satisfaction among international students are unique additions to the validity of the PAKSERV scale. The PAKSERV scale comprises six dimensions: Tangibility, Reliability, Responsiveness, Assurance, Sincerity, Personalization, and Formality (Raajpoot, 2004). The high scores on collectivism, power distance and uncertainty avoidance signify the importance of these new dimensions, discussed in detail in the next sections.

On the other hand, keeping in view the challenges facing Thai business schools (lack of funding from Government, decrease in student enrollment, and low positions in business school rankings), there is a felt need to investigate the relationships between perceived service quality, satisfaction, and loyalty among international students. There are also reports that internally, universities are being driven by anti-student policies, which is another big hurdle to attracting and retaining international students in Thailand. Another important element contributing to the lack of international student enrollments in Thailand is the fact that the dominant language is still Thai (Thai Higher Education Facts), with only a few degree programs offered in English. The launching of more degree programs in English – an act of strategy which would help business schools to be able to position themselves in the Asian and other regions to attract international students – ultimately contributing to the university rankings. In addition to all that, the findings from recent studies show that students are not satisfied with the quality of service offered by Thai universities (Yousapronpaiboon, 2014) which makes it an interesting phenomenon to investigate further. Perhaps a different approach Thai business schools could adopt would be to gain an international reputation for their business schools (Huang, 2014) – an important consideration in student choice of university. This would also help to ignite the spirit of being *Market-oriented* among Thai academics to attract and retain students. The PAKSERV based service quality-loyalty path is the unique contribution of this study. The application of the PAKSERV scale in a Thai context will help us to conceive this scale as a truly collectivist country scale by adding to its external validity.

The study continues with a review of the literature on service quality, student satisfaction and loyalty. The methods explain various procedures of data collection and the findings present important results. Later, a discussion section links findings with reference to previously held studies. Finally, limitations are elaborated to outline a future research agenda, with a conclusion to determine the manuscript contribution.

2. Literature review

2.1. Perceived service quality

The concept of service quality is deeply rooted in the confirmation-disconfirmation paradigm which refers to an individual's satisfaction with respect to the differences between expectations and perceptions (Parasuraman, Zeithaml, & Berry, 1986). This paradigm

(meeting customer expectations) formed the basis of an excellent quality service business and has dominated the service literature since the early 1980s. The field of services (actually relationship marketing), although based on the exchange school of marketing thought (Ballantyne & Varey, 2006), progressed further, however, with new streams of theory development in the field. Although the marketing of services is based on the Managerialist view (e.g. efficiency/effectiveness and profit), the addition of a Value-co-creation approach based on the Service-Dominant Logic represents significant progress in the field (Vargo & Lusch, 2004). Keeping abreast with this development, the role of staff and students has both been pivotal to ensure service quality in a higher education context (Sigala, Christou, Petruzzellis, D'Uggento, & Romanazzi, 2006) and justifies the need to investigate student satisfaction and retention to ensure they are playing their defined role.

The key stakeholders in a higher education service are students and the staff providing teaching and other student support services in a business school. The students are key stakeholders; their satisfaction is imperative to generate revenue for business schools as it can lead to loyalty (Sigala et al., 2006). However, the question might arise as to why education is regarded a service – what similarities are there between education and other services? The core similarity is the Intangible nature of higher education as a service (Sureshchandar, Rajendran, & Anantharaman, 2002) – identical to any other service such as banking and telecom. The staff and faculty co-create a service experience with students – both within and outside the class. It is also notable that the interaction quality (between students and university staff) is a significant element of student satisfaction with the education provider (Srikanthan & Dalrymple, 2005). Furthermore, another similarity is the Perishable nature of education as a service where value is a time-bound activity (class timings, admission and registration deadlines) and both parties need to play their well-defined roles (students need to attend classes and faculty is meant to teach) which otherwise can lead to value-destruction (Kashif & Zarkada, 2015) – a threat to the growth and survival of a business school.

The measurement of quality is imperative for the growth and profitability of a service, and various tools have been championed to investigate the service quality of a firm. Among the most widely employed tools is the 22-item SERVQUAL scale developed by Parasuraman and fellow researchers (Parasuraman et al., 1986). The scale consisted of the following five dimensions:

(1) Reliability (the extent to which service is delivered as promised)
(2) Assurance (the staff have knowledge and motivation to serve their customers)
(3) Tangibles (the service environment is exclusive and modern facilities are offered)
(4) Empathy (the employees are able to demonstrate socially desirable behaviors)
(5) Responsiveness (the employees are sensitive to the changing needs of customers)

The service quality measurement (based on the quality management paradigm of the early 1980s) went through significant changes and an enormous amount of quality research was published. It is notable that the SERVQUAL was refuted many times and was also substituted with other scales [e.g. SERVPERF developed by Cronin and Taylor (Cronin & Taylor, 1992); HEdPERF by Abdullah (Abdullah, 2006)]. The basic premise was the difference in service products, and it was conceived that to measure quality offered under different service products, we need different service quality scales. However, it

proved to be just academic glamor (to present a huge number of scales to measure the same phenomenon) and researchers started to critically evaluate the relationship marketing approaches (Nguyen & Simkin, 2013). By conducting this study, we are enhancing the external validity of the PAKSERV scale in the different cultural setting of Thailand – validating it in another Asian country setting.

2.2. Measurement of service quality in higher education

Service quality (e.g. the perceived difference between expectations and performance) is hard to maintain in higher education as this is a multi-faceted service – several processes are performed at once (Brown & Mazzarol, 2009). In this regard, based on the S-D logic of value co-creation (Vargo & Lusch, 2004), the faculty, staff, and students need to play their well-defined roles in order to create a memorable service learning experience. However, in order to maintain the high level of perceived service quality, the service performance must be on a par with the expectations – a product of correct identification and measurement of a service experience (Sultan & Wong, 2013). To measure a service in objective ways, researchers have employed various tools, which have been subject to criticism recently, and a group of researchers have proposed to employ context-specific scales to better enable the tenants of service quality to be delineated, and then to measure it for some purpose (Frimpong & Wilson, 2013). The researchers have used SERVQUAL to investigate the service quality of higher education institutes, but it has not proven a success, as the scale does not cover the cultural nuances of a scale beyond the context where SERVQUAL was developed – a Western setting (Calvo-Porral, Lévy-Mangin, & Novo-Corti, 2013). Furthermore, the HEdPERF measure is another scale to investigate service quality (Abdullah, 2006) but this scale did not become very popular due to its similarities with the SERVPERF scale.

There have been a few recent efforts to employ SERVQUAL as a scale to investigate service quality, but all the dimensions of scale were not found to be a significant predictor of perceived service quality (Calvo-Porral et al., 2013). For instance, a study conducted by researchers Shekarchizadeh and colleagues (Shekarchizadeh et al., 2011) (where a modified SERVQUAL scale was employed) found that two traditional items of SERVQUAL, i.e. Responsiveness and Empathy, do not fit the model. In another study, Abili and colleagues (Abili, Narenji Thani, & Afarinandehbin, 2012) found that Empathy and Assurance do not fit the SERVQUAL-satisfaction path in the higher education context. Furthermore, researchers of contemporary studies (Cheruiyot & Maru, 2013) found Reliability to be the dominant dimension to determine the service quality of higher education.

Despite all these important works contributed by researchers, there is still a consensus that university facilities (Tangibility), quality of the processes (Reliability), and the knowledge and skill of faculty and management positively contribute to better perceived service quality (Yousapronpaiboon, 2014). In international schools where MBA programs are well established, the institutions always invest in or at least focus on the development of staff – faculty as well as the support staff, because their reputation is ultimately the reputation of the business schools (Huang, 2014). This can develop favorable perceptions among external players, including students, about the service quality of business schools. Based on the extant literature, the following hypotheses were proposed:

H1. Favorable perceptions towards Tangibility positively influence student satisfaction.

H2. Favorable perceptions towards Reliability positively influence student satisfaction.

H3. Favorable perceptions towards Assurance positively influence student satisfaction.

The theories and models are refined to better suit different contexts – a good way to enhance external validity of scales. In the light of criticism of SERVQUAL, keeping in view its limited scope and lack of adjustment to different cultural contexts, Raajpoot (2004) developed a culturally sensitive scale (one of its own type – beyond industries) named PAKSERV, based on the premise that service quality is a culture-specific phenomenon and interpretation of service quality is dependent upon one's self-reference criterion which emerges with the passage of time. The argument and sampled data were sketched in an Asian cultural setting of Pakistan and three new dimensions are introduced in addition to Tangibility, Reliability, and Assurance – making six dimensions in total for the PAKSERV scale. The other three dimensions are;

Sincerity: The service provider is sincere and is working in the true spirit of service to meet customer expectations.
Personalization: The ability of service personnel to deliver the service at a personal level to the customers.
Formality: Taking into account the social class the customers belong to while delivering the service.

According to the seminal work of Hofstede elaborating the cultural dimensions, Pakistanis score high on Uncertainty Avoidance (Hofstede, Hofstede, & Minkov, 1991) which means people are low risk takers. This also implies that customers will not invest in any decision where an element of risk is involved – higher education is one of the high involvement decisions. Hence it is understandable that in the cultural context of Pakistan, customers need sincere advice (which justifies the logic of adding Sincerity as a dimension) from the staff (management and faculty in case of a university) in order to invest in buying and consuming a service (Kashif, Ramayah, & Sarifuddin, 2016). Apart from low risk taking as a trait with regard to product purchase and investment, another dominant cultural element is collectivism – the extent to which people are concerned about others. It has implications for service consumption and experience, as people love to live and work as part of a group to gain social identity (Ford, Laroche, Kalamas, & Cleveland, 2005). Another cultural element is high power distance, which suggests that status is acknowledged and practiced among the members of a society. High power distance can easily determine Personalization (individual focused differentiation / status) (Raajpoot, 2004).

The addition of three new dimensions can also be viewed from a time-orientation paradigm presented by Hall (Hall, 2000). He proposed that nations can be classified based on their time orientations, i.e. polycentric (time, status, and relationships are dual in nature) and monocentric (time, status, and relationships are formal and individuals are treated accordingly). People belonging to a polycentric view of time prefer to maintain human relationships ahead of other formalities such as social place and time, which has implications for service quality dimensions (Hall, 2000). It is also notable that societies change with the passage of time as to their time orientations and the intentions to take

risks, so the perception of service quality also changes accordingly, making measures time-bound in some cases. In a higher education setting, paying individual attention to students is a challenging task as the role of instructor is to look after the collective needs of all the students, including their assessments (Kashif et al., 2014). Hence, paying students individual attention can sometimes be daunting and open to allegations of psychological abuse – making it a case of ethics. But it is also true that individual attention, formal relationships, and sincere advice contribute positively to student learning – an imperative to their retention in universities (Kashif, Ayyaz, Raza, & Hamid, 2013). These dimensions highlight the role of formal and dedicated procedures to assist and guide students (Zulkefli & Uden, 2013). Based on the extant literature, we hypothesize the following:

H4. Favorable perceptions of Sincerity positively influence student satisfaction.

H5. Favorable perceptions towards Formality positively influence student satisfaction.

H6. Favorable perceptions towards Personalization positively influence student satisfaction.

The importance of student satisfaction cannot be neglected as it determines their loyalty and positive word-of-mouth towards the institution to which they belong (Fernandes, Ross, & Meraj, 2013). Student loyalty based on their satisfaction is perceived as a competitive tool to ensure a sustainable institute for the future (Helgesen & Nesset, 2007). The students' interest in contributing to the learning process, the spread of positive messages about the university, and recommending it to others for further education positively contribute to make the university a reputable brand (Teo & Soutar, 2012). The achievement of loyalty is by and large dependent upon the satisfaction of student expectations from education as a service (Dlačić, Arslanagić, Kadić-Maglajlić, Marković, & Raspor, 2014). Based on this evidence, we hypothesize the following:

H7. Student satisfaction positively influences their loyalty to the university.

The framework with all these hypotheses framed is demonstrated as Figure 1 below:
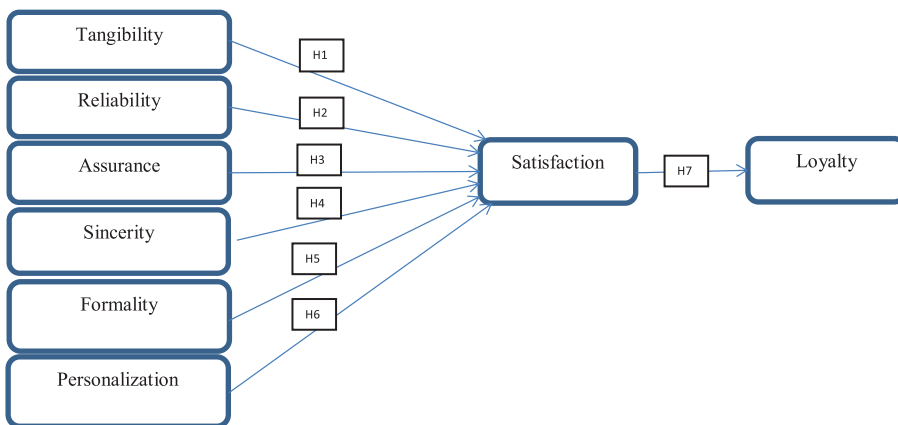
Figure 1. Framework of study.

3. Research methods

3.1. Sampling & data collection procedures

In order to further strengthen the external validity of the PAKSERV scale, a survey questionnaire was developed and self-administered among international students enrolled in three business schools in Thailand. Since the issue of the extent of student satisfaction is regarded as sensitive – which is challenging while collecting and reporting data, formal approvals were sought (by one of the researchers) from deans working in different business schools in Thailand. This approach has been employed by researchers employing a survey-based approach to collect data from participants in cases where a research issue is sensitive in nature (Kashif, Zarkada, & Ramayah, 2016). We were able to receive a positive response from the deans of three university business schools in Thailand to start the data collection and followed a purposive yet focused sampling technique. Great care was taken during the selection of student samples so as to collect data only from undergraduate and graduate level non-Thai students. Participation in the survey was voluntary. In order to maintain a 10:1 subject-to-item ratio as suggested by contemporary researchers (Randall & Gibson, 2013), a minimum sample of 300 international business school students was planned and achieved with success.

3.2. Survey administration

The researcher involved in data collection personally visited the university business schools and handed over the questionnaires to the students at their convenience. The researcher was also available during the administration of the survey among the students so that the completed questionnaires could easily be collected back. A formal request was made to the respondents not to discuss the questionnaire items among themselves while filling in the questionnaire. Personal questions such as department, program, and name were not asked so that their anonymity was assured. These measures were taken to control the social desirability biases as suggested and implemented by contemporary researchers (Conway & Lance, 2010).

3.3. Measures and survey instrument design

The PAKSERV based survey consisted of two major parts: (a) the items of perceived service quality, student satisfaction, and student loyalty; (b) student demographics (age and gender only to ensure complete anonymity). There were 31 items in total which included a 25-item scale from the study by Rajpoot (Raajpoot, 2004); three items of student satisfaction and three items of student loyalty from the study by Kashif and colleagues (Kashif, Ramayah, et al., 2016). The number of questions was kept to the minimum in order to sustain respondent interest and focus and ultimately to minimize the common method bias. A Likert-scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree was established.

4. Results

4.1. Data analysis procedures

Based on the need to investigate the common method bias, an un-rotated principal component factor analysis was performed on all the items (Simonin, 1999). The results

extracted six factors with eigenvalues greater than 1.0 which accounted for 55.28 percent of the total variance. In this procedure, the first factors accounted for 27.12 percent of variance. Since the inter-construct correlation was lower than 0.90 (Bagozzi, Yi, & Phillips, 1991) it is concluded that Common Method Variance is not a problem in this data set used for analysis.

The collected data were analyzed using two types of software – SPSS and LISREL. A confirmatory factor analysis (CFA) was envisioned to assess the measurement model and to test data quality, including reliability and construct validity checks. The Structural Equation Modeling (SEM) technique was employed to assess the overall fit of the proposed model and to test the proposed hypotheses.

The collected data set was checked for its suitability for factor analysis and structural detection. In this regard, KMO and Bartlett's Tests were used as the starting point. Table 1 shows the results of these tests where KMO value is 0.955 > 0.5. This means the variables are correlated, so the factor analysis method is appropriate. The Bartlett's Test, using the Chi-Square technique, comes up with a significant value of 0.00, which means all the variables have relationships with one another. Hence factor analysis is appropriate.

The data of demographic characteristics of the respondents is presented as Table 2.

The analysis was based on an orthogonal rotation – a modern technique employed by quantitative researchers to objectively present the social phenomenon. Table 3 shows the rotated component matrix which is a matrix of the factor loading for each variable onto each factor. The 25 items developed for measurement were subjected to a Confirmatory Factor Analysis (CFA) (Table 4).

The discriminant validity of the constructs was also checked. The values in Table 3 represent Average Variance Extracted (AVE) values for each construct as well as the squared correlation coefficients between constructs. The results in Table 3 show that the AVE values were greater than the squared correlation coefficients between each pair of constructs. Overall, these results revealed strong evidence for the discriminant validity of the measures (Hair, Sarstedt, Ringle, & Mena, 2012).

The SEM technique was used to assess the proposed conceptual model based on employing the maximum likelihood estimation method. The Chi-square value of the

Table 1. KMO and Bartlett's test.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.955
Bartlett's Test of Sphericity	Approx. Chi-Square	5.287
	Df.	300
	Sig.	.000

Table 2. Sample demographics.

	Frequency	Percentage
Age		
Under 18	0	0.0
18–24	295	98.3
25–31	4	1.3
Above 31	1	0.3
Total	300	100.0
Gender		
Male	108	36.0
Female	192	64.0
Total	300	100.0

Table 3. Standardized confirmatory factor loadings.

Variable		Factor Loadings	AVE	CR
Tangibility				
T1	The equipment used in this university is modern	0.746	0.456	0.767
T2	The university facilities are attractive	0.731		
T3	Employees of this university wear neat and clean clothing	0.523		
T4	The buildings of this university are well-furnished	0.679		
Reliability				
R5	Employees of this university fulfill their promises	0.624	0.316	0.647
R6	The communicated service standards are followed by this university	0.583		
R7	The services provided by this university are error-free	0.542		
R8	All the promised service offers are available all the time in this university	0.489		
Assurance				
A9	The employees of this university treat everyone equally	0.637	0.379	0.750
A10	Employees of this university are competent to perform professionally	0.688		
A11	Graduates from this university will have good careers	0.444		
A12	The employees of this university are courteous	0.669		
A13	Employees of this university have appropriate knowledge	0.610		
Sincerity				
S14	In this university, students' interest is taken from heart	0.676	0.529	0.817
S15	Employees of this university offer proactive advice	0.740		
S16	Employees of this university are well-mannered	0.781		
S17	Employees of this university are not overfriendly	0.707		
Personalization				
P18	Individuals are given personal attention in this university	0.632	0.452	0.710
P19	In this university, students are individually known	0.765		
P20	In this university, immediate action is taken about any matter	0.609		
Satisfaction with University				
SF21	Assuming the entire experience with this university, I am satisfied	0.621	0.488	0.740
SF22	In general, my satisfaction levels related to current university is high	0.742		
SF23	This university has exceeded my expectations in offering quality education	0.727		
Loyalty to University				
L24	I recommend my family, friends and relatives to gain services of this university	0.828	0.633	0.775
L25	I spread positive word of mouth about this university and its high quality of services	0.762		

Note: The term 'employees of this university' in the questionnaire refers to faculty and support staff both.

model and other model fits ($\chi^2 = 28.529$, df = 5, $p < 0.001$, χ^2/df = 5.706, RMSEA = 0.125, and CFI = 0.985) revealed that the model fits the data reasonably well. The structural results of the proposed model are depicted in Figure 2.

Finally, following the development of a structural model, hypothesis testing was performed and results are presented under Table 5. The relationship between tangibility and satisfaction was 0.139 ($P < 0.01$) which indicated that tangibility influences satisfaction, thus H1 was supported. The hypothesized relationship between reliability and satisfaction was 0.263 ($P = 0.01$), therefore H2 was supported. The proposed relationship between assurance and satisfaction was 0.198 ($P = 0.01$), indicating that assurance contributes to student satisfaction, thus H3 was supported. The relationship between sincerity and satisfaction was 0.197 ($P = 0.01$), therefore, H4 was supported. The relationship between personalization and customer satisfaction was 0.097, which indicated that personalization is not a significant predictor of student satisfaction, hence H5 was not supported. Lastly, the path coefficient of the relationship between customer satisfaction and customer loyalty was 0.667 ($P = 0.01$), indicating that student satisfaction influences their loyalty to the business school, thus H6 was supported. The R^2 was 0.67, indicating that satisfaction explains 67% of the variance in loyalty.

Table 4. Correlation.

	1	2	3	4	5	6	7
1. Loyalty (L)	1	.667**	.490**	.586**	.524**	.552**	.578**
2.Satisfaction (SF)		1	.648**	.696**	.710**	.693**	.660**
3.Tangibility (T)			1	.674**	.725**	.646**	.628**
4.Reliability (R)				1	.714**	.681**	.659**
5. Assurance (A)					1	.765**	.751**
6. Sincerity (S)						1	.768**
7. Personalization (P)							1

**Correlation is significant at the 0.01 level (2-tailed).

Chi-Square=28.53, df=5, P-value=0.00003, RMSEA=0.125
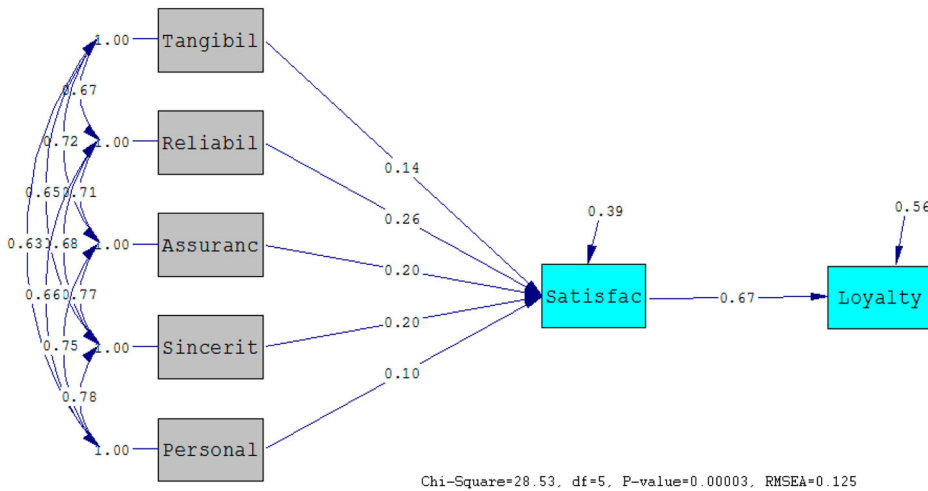
Figure 2. The empirical model of study.
Note: *$p < .05$, **$p < .01$

Table 5. Results of the structural model.

Hypotheses				Std.Beta	t-value	Decision
H1	SAT	←	Tangibility	0.139	2.484**	Support
H2	SAT	←	Reliability	0.263	4.623**	Support
H3	SAT	←	Assurance	0.198	2.886**	Support
H4	SAT	←	Sincerity	0.197	2.998**	Support
H5	SAT	←	Personalization	0.097	1.536	Not supported
H6	CL	←	SAT	0.667	15.376**	Support

*$p < 0.05$, **$p < 0.01$.

5. Discussion

This study has both methodological and pragmatic contributions to the existing body of knowledge. Methodologically, the PAKSERV scale has been further extended to test it in another Asian setting (other than Pakistan) – contributing to generalizability of the scale to make it a *truly Asian* measure of service quality. Pragmatically, the results are useful for attracting and retaining international students by business schools in Thailand--a problem faced by Business Schools of the country. The results demonstrate a reasonable fit to the PAKSERV model. All the hypotheses are accepted except the relationship

between Personalization and Satisfaction. The lack of support for this relationship is not surprising as there are studies (i.e. comparing student satisfaction with quality of higher education) where the relationship between Personalization and student satisfaction has not been supported (Kashif, Ramayah, et al., 2016). Hence this finding is not something unexpected, as it is in line with the previously held studies.

Another interesting finding of this study is the dominant relationship between reliability, assurance and sincerity with international student satisfaction with Thai business schools. This is in line with classic research studies regarding SERVQUAL and the development of the PAKSERV scale (Parasuraman et al., 1986; Raajpoot, 2004). The findings are also attributed to the context of higher education as a service. Since higher education is regarded as a high involvement decision, dictating the future of an individual, the students wanted to stay in a less risky situation so that their career aspirations were not compromised. In the higher education context, marketing outcomes such as satisfaction are based on positive word-of-mouth (Teo & Soutar, 2012) which is a product of reasonably good service quality. The dominant focus on Reliability, Assurance, and Empathy are the tools to achieve excellence in quality of higher education.

The findings further reveal that people-centric dimensions such as Assurance and Sincerity are significant indicators of perceived service quality of Thai business schools. The role of faculty and management is important in this regard and has been discussed in recently conducted studies in the higher education sector (Kashif, Ramayah, et al., 2016). In this regard, since students are out of their homeland as international students, they need sincere advice and quality teaching, which are covered under both these dimensions. The perceived impact of all these PAKSERV dimensions is linked closely to student satisfaction and loyalty, which is also in line with the previous studies (Fernandes et al., 2013).

6. Managerial implications

The PAKSERV dimensions are helpful to higher education policy makers in order to attract international students to business schools. In order to move from a bureaucratic structure to a more market-oriented system, the management policy makers at Thai business schools need to focus on these PAKSERV dimensions – an imperative to stay competitive in the realm of growing international competition (Judson & Taylor, 2014). One important indicator of ranking is student satisfaction (Hazelkorn, 2015) which must be achieved by positively working on these identified dimensions. This change in culture is a product of internal alignment with the changing nature of the global higher education system – a pattern where students are now regarded and treated as customers – looking forward to a fantastic higher education experience (Judson & Taylor, 2014). However, potential drawbacks of such an approach (i.e. student as customer metaphor) are explored scantly which open a potential area of future research.

The cultural change is not easy as it requires top-management commitment and awareness (Herguner & Reeves, 2000). In a largely global sector such as higher education, the choice for business schools is limited. It is not about today or tomorrow (as it is imperative); rather, it is about how to bring about change in the culture of being localized to be perceived as a globalized center for business education. The first effective tool, based on our findings, is to establish the reputation of faculty and staff (given the fact that dimensions such as assurance and sincerity are valued). The credibility of faculty is multifaceted. For

example the extent to which faculty is engaged in international research activities, their design and curriculum insight, and the networking with international scholars are imperatives to establish a reputation of excellence – assurance and sincerity – products of faculty and business school reputation (Huang, 2014). The development of research centers, bringing international scholars to act as committee members to devise international curricula and to offer proper support to faculty and students to deliver quality teaching, are all tactics that can unfreeze the traditional structure in Thai business schools that is leading students to feel hopeless and dissatisfied with the service quality (Yousapronpaiboon, 2014).

Another important consideration is perceived reliability and formality in the business school – including the quality of staff, faculty, curricula, as well as the formal service processes and procedures. The development of an international office at the business school is imperative these days to attract international student and staff mobility (Zulkefli & Uden, 2013). Although these centers exist, the output is minimal and needs to be enhanced. We suggest strengthening these centers by hiring dedicated staff, the development of formal procedures for student and staff recruitment, and establishing stronger ties with international business schools to sustain long-term relationships.

7. Limitations and future research

The data was collected from international students enrolled in Thai business schools by employing survey based methods. Although this approach has been used by researchers all across the globe (Kashif, Ramayah, et al., 2016), it is not without limitations of social biases, such as social desirability biases. Since services are said to be co-created, the data has only been collected from international students, which opens an interesting avenue for future research. This limitation can be countered by future researchers by collecting data from international staff employed in these business schools – making a comparison between the perceptions of students and the faculty. Another limitation is employment of a cross-sectional design. Student satisfaction may change with the passage of time, and it would be interesting to investigate this phenomenon over time. Future studies can employ longitudinal research designs to investigate change in student attitudes towards business schools. Furthermore, the data is taken from business school students, so future researchers can take a much broader look into the perceived service quality domain by collecting data from recruiters to gain a critical insight into the service quality offered by business schools – taking a pragmatist perspective. Finally, there are more reasons, other than the perceived service quality which limits the number of potential international students willing to enroll in Thai Business Schools. Hence, this limitation that the study is limited to exploration of service quality perceptions which needs to be considered by future researchers. It is suggested to imply a combination of methods -- both the qualitative and quantiative to first identify the reasons which students consider before applying to a business school and then measure the extant to which they believe that Thai business schools meet this criteria in an effort to enhance the number of students interested to enrol in Thai business schools.

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