

Human Capital as A Determinant of Service Quality in Accredited Universities in Kenya

Godfrey Nyongesa, Dr. Doris Mbugua, and Dr. Rose Boit

ABSTRACT

The purpose of this study is to determine the effect of human capital on the service quality of accredited universities in Kenya. The study was guided by the positivist domain which is a major doctrine or theory in social sciences largely used in survey types of research. The study employed both a cross-sectional research design and an explanatory research design. The target population comprised 74 public and private universities in Kenya. The sample size was 222 respondents. The main data collection tool was a questionnaire. Both descriptive and inferential statistics were used to analyze the data. Findings established that human capital had a significantly positive relationship with service quality. Human capital explained about 38% of the variation in service quality of accredited universities in Kenya. The practical implications for the study are that the human capital such as strategic leaders in universities should be aligned and increase their adoption of strategic leadership practices in order to inspire good managerial practices in universities. Additionally, the finding that human capital affects service quality is consistent with the Upper Echelons theory. This theory offers a framework for viewing leaders as wise, experienced, and educated change agents who serve as critical assets capable of enhancing service quality in their institutions.

Keywords: Accredited Universities, Human Capital, Service Quality.

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G. Nyongesa *

Jomo Kenyatta University of Agriculture and Technology, Kenya.

(e-mail: nyongesa75@gmail.com)

D. Mbugua

Jomo Kenyatta University of Agriculture and Technology, Kenya.

(e-mail: dvmbugua@jkuat.ac.ke)

R. Boit

Moi University; Kenya.

(e-mail: boitrose26@gmail.com)

*Corresponding Author

I. INTRODUCTION

Globalization in education has made it imperative for the Higher Education (HE) institutions to enhance their level of service quality (Kristoffersen & Woodhouse, 2005). Hence, there is an impetus for the institutions of HE to engage in more competitive educational practices that are based on quality assessment (Latif *et al.*, 2019). In Kenya, the sharp increase in the number of universities in the country in recent years and the emergence of global higher education rankings which has subsequently brought about competition in universities, has raised an alarm in terms of quality issues. This has exacerbated the society and public authorities to pile pressure on universities to be more accountable and exhibit quality and effectiveness in their management. Higher education (HE) institutions have to become more efficient with a view to compete in a global market where client expectations are rising frequently. Quality, therefore, is critical for success in this new normal. While the economic benefits of quality have been established for long, many HE institutions keep on ignoring them at their own peril. This is true, particularly in the service quality (Sharabi, 2013).

Service quality has been defined as the customer's attitude of overall judgment about service superiority, based on the assessment of the customer, and not on a physical item (Mahmoud & Khalifa, 2015). Continuous improvement for HE institutions can only be implemented by triggering the

deficiencies through appropriate measurement of service quality (Zakariah *et al.*, 2016). Managing and improving the quality of services provided is of the essence, and universities need to regularly measure service quality (Abdullah, 2006). For this to work an important factor would be to implement a measurement system (Sunder & Sunder, 2016). Strong quantitative measures can provide universities with factual information on all manners of service issues that would enable clear strategies for the management (Chong & Ahmed, 2012).

Universities play a fundamental role in mentoring human capital which is key to Kenya achieving its strategic goal of Vision 2030. The Universities Act 2012 creates the Commission of University Education, to plan for the establishment and development of higher education and training. It also created the University Funding Board to coordinate universities financing, whereas The Kenya Universities and Colleges Central Placement Service, was to handle admissions to public universities and colleges; and The Technical and Vocational Education Funding Board (Kenya, 2008). Universities all over the world are expected to be characterized by quality and excellence, equity, responsiveness, effective and efficient provision of services, good governance, and excellent management of resources (Juma, 2016).

However, Kenyan universities fall short of these expectations due to a number of challenges that hit them from various fronts. They are struggling to meet their financial

obligations and are poorly governed with warped strategies that have driven potentially solid institutions into debt and discomfort of technical insolvency. Most universities have been forced to survive on commercial bank overdrafts (Mutai, 2017). In addition, Kenyan universities have ranked lowly internationally compared to universities in other countries in terms of quality standards (Oduor, 2017). This worrying trend is responsible for the continued decline in the performance of universities in Kenya (Gudo, 2016; Shisia *et al.*, 2014; Sifuna, 2012; Wangenge-Ouma, 2008).

These institutions have people with plenty of readily available knowledge and skills who are at the center of service improvements that are made up of self-motivated professors, highly trained administrative staff, middle-level managers, and other institutional leaders. Stakeholders in Universities have increasingly continued to demand quality services from these institutions (Yeo, 2008). The problem however remains that they have been unable to offer quality services outcomes (Alzaydi *et al.*, 2018). They also lack strategic leadership that can harness the available resources innovatively in a bid to address the many challenges faced. Most existing studies on strategic leadership and innovation have dwelt on the direct relationship of these variables independently on quality service with varied findings that have been based on other sectors other than in the universities (Elkomy *et al.*, 2020).

Consequently, this study advances that the future of universities in the turbulent, competitive, and unpredicted environment in which they are operating will be hinged upon the extent to which the leaders of these institutions will embody human capital practices in the management of their institutions. Findings of various studies on strategic human capital development have established that they have a significant influence on university performance. The purpose of this study is to determine the effect of human capital on the service quality of accredited universities in Kenya.

II. LITERATURE REVIEW

A. Human Capital

Human capital refers to the knowledge and competencies of an organization's entire workforce (Hitt *et al.*, 2010). Strategic leadership has a key role in administering human capital. According to Sirmon *et al.* (2007), strategic leaders ensure that strategies that influence the proper utilization of organizational resources are put in place to attain a competitive edge and they also oversee the organization's range of resources, transforming them into competencies, reorganizing the organization to utilize the competencies. Strategic leaders consider the organizational employees as an overriding asset that enable organizations to achieve a competitive edge and through whom capabilities are developed (Serfontein, 2010). Capabilities are difficult to be attained and utilized efficiently if suitable human capital is not available. Training and development programs are critical to developing the human capital (Lear, 2012).

There is no single organization that can achieve its aspirations without engaging and maintaining accomplished employees with the necessary abilities (Kitonga, 2017). Barney (1991) contends that competitive edge can be realized

by human capital when four basic requirements are met. First, personal efforts must be able to augment the organization's returns. Secondly, employees' abilities must be rare and enhanceable within particular surroundings. Third, employees' total human asset should be inimitable by rival firms. This can be realized by contrasting investments in manpower within particular areas with those of rival firms which can otherwise increase the chances of imitation. Lastly, in order to attain a competitive edge, a firm's human assets should not be prone to substitutes by technological improvements or other alternatives (Barney, 1991).

Nel (2008) is also persuaded that one of the key issues in organizations, is understanding the need to develop new skills, attitudes and knowledge to enable people handle new challenges and circumstances. Additionally, Lear (2012) asserts that exemplary leaders endowed with the gift of synchronizing human resources with business strategy and their leadership planning is a reflection of their strategic thinking. However most organizations have failed to appreciate the critical role employees play and have not availed them with sufficient opportunities for furthering their skills whose benefits would be of significance to the organization and its stakeholders (Serfontein, 2010). When employees have been offered these opportunities, they will enhance their foundations of knowledge and be able to share their experiences with the communities around them (Serfontein, 2010). This would have a compounding effect of generating inspired and skilled manpower which can yield the desired results (Miller, 1996).

Raising workers' awareness of issues, involving them in solving problems, and improvement of processes, are attainable ways of making workers be committed to quality (Zelnik *et al.*, 2012). Workers should be trained to inspect, their work, identify problems, and suggest solutions (Sharabi, 2013). One possible reason for the poor service quality excellence could be found in the need for training, as it pertains to the lecturers and administration staff (human resources) (Tetteh, 2019). Several other articles identify training and development at all levels as the single best strategy to improve and shape human resource positive attitudes toward service quality excellence (Ebrahimpour, 1985). Making reference to workers as small-minded validates that tag, and adds to their indifference and lack of concern by them; so, empowering employees highly boosts their involvement and commitment (Dewettinck & Ameijde, 2011). Additionally, the required resources to attain quality goals crafted wholesomely with workers have to be availed. Demanding quality from workers yet at the same time denying them essential means and equipment discourages the worker and results in conflicting results (Demming, 2000). Investing in employees and quality tools will result in a quick return on investment. The worker's quality of life is equated to the quality of the product/service. A worker who is mishandled and who also gets insignificant investment, will not deliver quality results (Sharabi, 2013).

B. Service Quality

In terms of availing quality service, the quality and efficiency of education is an expected outcome of higher education institutions (Archibald & Feldman, 2008). Sultan and Ho (2010) write that although there is a relationship

between services and general tasks in higher education and that education services have some significance on teaching, research and communal services, service and education remain the two critical aspects of quality management. University educators have a key mandate of providing that which meets the aspirations and requirements of the learners and national needs (Longden, 2006). There is therefore the need to satisfy both the needs of students who are the 'primary consumers' of higher education and society at large since both are interdependent (Jain *et al.*, 2010).

Realization of favorable institutional outcomes is dependent on the quality of services offered (Landrum *et al.*, 2007) and this cannot be taken for granted as it can be detrimental to the institution as a whole (Angell *et al.*, 2008), since service quality has traditionally been a key determining factor for students when selecting a university of choice. Galloway and Ho (1996) state that quality and service quality are both composite and multiplex in their general state. It's not easy to explain the notion of service quality and quality in education. They are understood differently by the various stakeholders considering that beliefs relate to service delivery that serves as baselines or reference points against which performance is evaluated (Zeithaml *et al.*, 2006).

In the higher education fraternity, a particular customer may view a certain class, curriculum or university as a high-quality educational experience while the same may not have any significance to another (Cheruiyot & Maru, 2013). They additionally state that leadership traits, top management commitment, an adaptable culture and employee empowerment are key aspects of successful quality implementation. Taylor *et al.* (2008) had earlier advanced that the academic staff qualification ranks (fraction of the staff holding PhDs), and graduation proficiency rates of undergraduate and postgraduate (masters and PhDs awarded) are critical quality indicators in institutions of higher education.

Mbuchi (2013) observed that in Kenya, over the years, the issues concerning quality, and quality entrenchment standards in institutions of higher education, is envisioned in terms of quality standards, with elements like enterprise resource planning (ERP), and International Standards Organization (ISO) certification. However, while for instance, an ISO certification espouses continuous quality improvement, Kenya's universities appear to head in the opposite direction.

Hitt *et al.* (2011) proposed that the qualities and behaviour of academic staff have an effect on how students view quality in higher education. Equally, the administrative division apart from being proactive in service delivery, ought to be efficient and prompt in offering adequate information and other requisite services (Sultan & Tarafder, 2007). Quality scales based on the values of the society in total are determined by

the students, and academic and administrative staff who are the main players in the higher education level (Sultan & Ho, 2010). SERVQUAL model, which is a vital tool for evaluating the quality of services offered to consumers by various institutions was advanced by Parasuraman *et al.* (1988). Tangibility, reliability, responsiveness, empathy, and assurance are the key aspects of this model used in data collection.

III. RESULTS

A. Human Capital Development

Human Capital development was measured using the Likert scale and the results were expressed as percentages. Table I shows the statistics for the human capital development composite scores. Human capital development recorded a mean score value (Mean=4.024, SD=0.734, n=160). This demonstrated a higher level of agreement with Human Capital Development by the study respondents.

TABLE I: MEASUREMENT OF HUMAN CAPITAL DEVELOPMENT

Human Capital Development	SD (%)	D (%)	Un (%)	A (%)	SA (%)	Mean	Std. Deviation
HCD1	0.0	1.9	33.1	49.4	15.6	3.788	0.722
HCD2	0.0	1.3	20.6	46.9	31.3	4.081	0.752
HCD3	0.0	1.3	20.6	48.8	29.4	4.063	0.741
HCD4	0.0	1.9	16.3	49.4	32.5	4.125	0.742
HCD5	0.0	1.9	16.9	54.4	26.9	4.063	0.715
Composite	-	-	-	-	-	4.024	0.734

B. Influence of human capital on service quality of accredited universities in Kenya

The hypothesis to test for this specific objective was:

H₀₁: Human capital does not have a significant effect on the service quality of accredited universities in Kenya.

This study found that there was a positive path coefficient (beta = 0.571) between human capital and service quality, as shown in Fig. 1. In this regard, the relationship between human capital and service quality was significant, Since the T value was 5.174 (p<0.05) as shown on Table II, the null hypothesis is rejected while the alternative hypothesis is accepted and concludes that Human capital significantly affects service quality of accredited universities in Kenya. Human capital explained 38% (R²=0.38) of the variance in service quality of accredited universities in Kenya. The study findings are consistent with studies by Kitonga, (2017), Munjuria *et al.* (2015), Yusuph (2015) and Odhong *et al.* (2014) who found out that there was a strong and positive relationship between developing human capital and organizational performance.

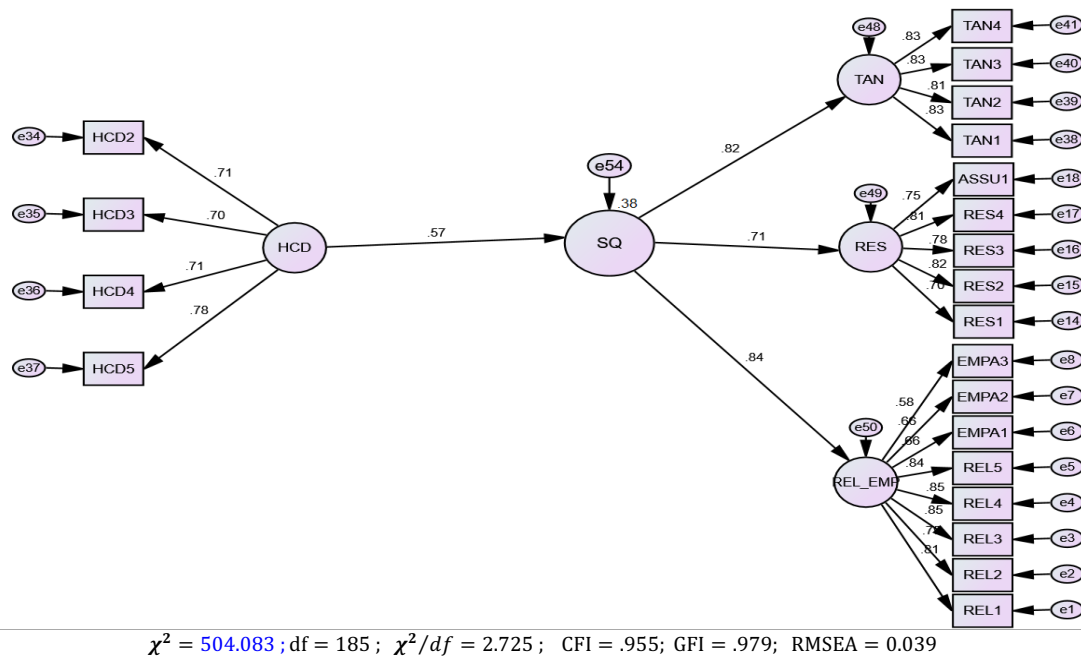


Fig. 1: Structural Model for the relationship between human capital and service quality.

TABLE II: REGRESSION ANALYSIS FOR THE RELATIONSHIP BETWEEN HUMAN CAPITAL AND SERVICE QUALITY

Path	B	Beta	S.E.	T.Value	P
Human Capital <--- Service Quality	0.548	0.571	0.106	5.174	0.000

IV. DISCUSSION

The results of the descriptive analysis revealed that leaders of universities illustrated a high level of agreement of human capital development. The result of the hypothetical testing showed that human capital has a positive and statistically significant relationship with the service quality of accredited universities in Kenya as shown by a beta value of 0.571. This means that in every one-unit change in human capital development, service quality increases by 0.571 hence implying a positive impact of human capital development on service quality. The r-value of 0.38 implies that human capital explains about 38% of the variation in service quality of accredited universities in Kenya. The T value of 5.174 ($p < 0.05$) shows that the null hypothesis H_01 was rejected and the alternate hypothesis that stated there is a relationship between human capital development and service quality of accredited universities in Kenya was supported. Out of the five factors of human capital, four factors were found to contribute significantly to service quality, and one was not which is the existence of a human resource training and development planning program in the institution.

V. CONCLUSION

The study concluded that human capital development explained a significant proportion of variance in service quality. In addition, the study concluded that human capital development significantly predicted service quality in accredited universities in Kenya. This shows that leaders need to put into consideration the aspects of human capital development to enhance service quality in Universities in Kenya.

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CONFLICT OF INTEREST

The authors declare that they do not have any conflict of interest.

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