EFFECT OF PERCEIVED VALUE ON CUSTOMER SATISFACTION IN KENYA:
COMPARATIVE ANALYSIS OF PUBLIC AND PRIVATE UNIVERSITY STUDENTS

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DECLARATION

I declare this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this contains no material written or published by other people except where due referenced is made and author duly acknowledged.

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I do hereby confirm that I have examined the Master's dissertation of Vivian A. Arango

And have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed.

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ABSTRACT

The landscape of higher learning institutions in Kenya has become very competitive as a result of entry by new private and public universities. These universities offer similar curriculum with small differentiations resulting in very stiff competition. In the face of this competition, universities whose services are perceived as being of better quality positively affect customer satisfaction, making them relatively more competitive in the industry. Despite competitiveness in absolute pricing, universities with better perceived prices are increasingly satisfying. This research determined the effect of perceived value on customers satisfaction in institution of higher learning. The study compared the variables that define customer's perception of value to a great extent in public and private universities. The specific research objectives examined the effect of perceived service quality on customer satisfaction, to determine the effect of perceived price on customer satisfaction and to compare the effect of perceived value on customer satisfaction between public and private universities. The target population was 4,503 students. Using stratified sampling approach, sample size of 368 respondents was drawn. The study adopted descriptive research design. The study is expected to be significant to management of universities, by providing information on what value students look for. It is expected that these information can be helpful in building competitive strategies in the increasingly competitive higher education industry in Kenya.The study established that perceived service quality and perceived price go hand in hand in enrolment of students in universities and students will enroll in institutions that they have knowledge that provides their needs and value is received from the fee they are made to pay for the services. It also found out that students from private universities are more satisfied with the services provided in the institutions more than their counterparts in public. The study recommends that perceived value should be highly considered in both public and private universities as this plays a great role in earning the institution a competitive edge in the fast developing competitive market, institutions are therefore supposed to get involved in research to enable them know what the market demand in order to satisfy the students' needs . Public universities and therefore advised to re look at the service provision in the institutions or else enrolment will go down.

Key words: Perceived Service Quality, Perceived Price and Customer satisfaction

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Last but not least I wish to express my love to my parents, siblings and my babies for their support, strength, and love. Above all I give Glory to God for holding my hand and never left me alone.

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DEDICATION

I dedicate this work to my son Michael and daughter Maisie, my parents and my siblings for standing with me during the most difficult moments of my life while doing my course work and dissertation. May God return the fervor in a big way.

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ABBREVIATIONS AND ACRONYMS

ACHD	Aquith Commission of Higher Education
CHE	Commission of Higher Education
CRM	Customer relationship Management
CUE	Commission for University Education
FT	Full time
KCAU	KCA University
KMO	Kaiser-Meyer-Olkin
PAF	Principal Axis Factoring
PT	Part time
RATER	Reliability, Responsiveness, Assurances, Empathy, and Tangibility
SERVPERF	Service Performance
SERVQUAL	Service Quality
TQM	Total Quality Management
UEA	University of East Africa
UON	University of Nairobi
WK	Weekend

CHAPTER ONE

INTRODUCTION

1.1   Background of Study

Institutions of higher learning today in Kenya have become very competitive following the fact that several private universities have been approved to offer courses that were majorly offered by public universities. Courses being offered in all these institutions are identical in content making them difficult to differentiate. Customers share competitive positioning given that it is more and more becoming difficult to attain customer satisfaction. There are models that have been developed to investigate customer satisfaction. In reviewing the models, it is apparent that perceived price and perceived service quality are a background of customer satisfaction (Liang & Wang, 2005). service providers need to discover what customers expect because satisfaction can be increased by decreasing expectations (Carman, 1990). Within the general population, expectations may not be homogenous across all students (Becker, 2000). This is because they vary from one student to the other and it is therefore desirable to analyze expectations at the individual level. However, it is not easy to determine how much is too much to charge, when utilizing perceived value based pricing(Jackson, 2007). A study by (Zeithml, 1988) investigates the consumers' perception on quality, price and value. The insights it offers are very accurate and they have been included in the study with backing from more recent sources. Institutions compete to give satisfaction to their clients, who in this case happen to be the students. They do this so that they can achieve customer satisfaction and this in turn translates to effective market positioning thus profitability. By ensuring that their customers achieve satisfaction through the quality service that they offer at a perceived fair price, institutions maintain competitive advantages. This study intends to find out the specific ways through which different variables affect customer satisfaction. University was used as the case study to offer focus on how the different variables affect customer satisfaction. Perceived pricing and perceived service quality was investigated in the study because they are the major issues used by the universities to gain competitive edges. Muturi, Wadawi &Owino (2014) observed that customer worth is a function of customer perceived service quality and customer perceived price. Perceived customer worth is often viewed as a customer's on the whole assessment of what is received and what is given and as a exchange between perceived service quality and its ability to buy within alternative set (Monroe & Krishnan, 1985).

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1.1.1 Perceived Service Quality

Service quality is consumers' evaluation of service in general performance. That is a comparison that a consumer makes between what they expect of the service, and the actual service that is offered at the end (Rust & Oliver, 1994).Perceived service quality is the customer's ruling about an overall understanding. Perception on quality is the customers' opinion of a service (Zeithml, 1988).It may not have anything to do with the actual excellence of a product, and it's based on a firm's public image. Service quality is adequate when perceptions is equal or exceed expectation this is based on disconfirmation. Parasuramanet al. (1985) developed SERVQUAL as a measure of things representing service quality magnitude (Ramseook-Munhurrun, etal, 1991). Service quality dimensions are presented as encompassing; reliability, responsiveness, tangibility, assurance and empathy. Despite the existence of other models of measuring service quality, SERVQUAL is widely acceptable in service industry (Caruana, 2002). During a fairly recent study, it was discovered that perceived service quality with perceived price have important influence on customer satisfaction (Aga &Safakli, 2007). Dapkevicius and Melnikas (2009) identified a strong connection between customers perceived quality, perceived price in their research. This position is supported by other researchers (Hanif, 2010). Improving service quality satisfy customer and earns faithfulness. This is while pessimistic perception on quality may make customers shift to competitors (Zeithamlet al., 1996)The study however fails to point out if institutions implements or satisfies the student's perception which is the greatest reason for the study, and if the students finally are satisfied by the service and price charged at the end of their study.

1.1.2 Perceived Pricing

There are several definitions of price. Though there is no widely accepted definition for price this study adopted the following definitions: price is the sum of money or goods required to get goods or service (Stanton, Miller, &Layton, 1994;Sumaedi,et al. 2010). We can also term price as the amount of money charged for a product or service, or the values that customer exchange for the benefit of using the service or a product (Armstrong, 2010).Concept of price and perceived price are conceived as different in literature. Perceived price is the customer mental assessment of sacrificed to find a service or a product (Zeithaml, 1998). Perceived price in higher learning institutions is a student's assessment of what is given or sacrificed to get services from institution (Lien & Yu, 2001). And perceived price is calculated by the equality of price paid. therefore, the more sensible or the fair the price is paid, the more satisfaction the customer gets (Clemes, 2008).Perceived price is

considered as the results of cost benefit exchange (Zeithaml, 1988).A trade-off that is often operationalized is known as price quality trade off (Monroe, 1990).

Price perception also influences satisfaction (Parasuraman & Grewal, 1998).In examining the relationship between price and satisfaction, a research found out that price perception affects satisfaction, but in their analysis they referred to perceived price as perceived value (Parasuraman&Grewal, 1998).They then concluded that price perception has stronger and significant influence on customer value perceptions than quality and inauspicious price perceptions have a direct, non positive effect on behavioral intentions after taking care for other systematic effects on behavioral intention. The study however fails to identify the pricing concepts that is most appropriate to be used and give the best pricing strategy that can meet the perceived price. This study therefore adopts the definition, perceived price is what a consumer feels is the right cost to be paid for the expected service this including its quality service and satisfaction they expect to receive from it.

1.1.3 Customer Satisfaction

Customer satisfaction is the after purchase evaluation and arousing response to the overall service experience (Rust &Oliver, 1994).   Students satisfaction is the most important accomplishment ways for managing university students success prefer to continue to study in the university the registered other and don't change until they complete their course students tend to pass word of mouth to each other about the positive experience they get in a university, this satisfaction once achieved the enrollment of a university goes up. (Kao, 2007).Students satisfaction is important, it has been found that satisfaction gives student self confidence which helps customers (students) to acquire positive and useful skills (Letcher &Neves 2010). Students who are not satisfied can spread a negative image to the public Student discontent can lead to unconstructive student behavior such as poor grades and unpleasant association between the students and the faculty, staff and society at large (Letcher &Neves, 2010; Athiyaman, 1997).

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1.1.4 Background to Higher Institutions of Learning in Kenya

Higher education within Kenyan context include public and private universities, teachers training , polytechnics, institutes of technology, commercial or government owned , all this compose tertiary sub-sector The Kenya education system developed from college in Makerere called Makerere Technical college which from its beginning in 1022 it served the education needs for the three countries basically Kenya, Uganda and Tanzania which was east African region at that time. Later in 1949 Makerere became University college of London, this was in line with the Aquith Commission of higher Education (ACHD). In Kenya the royal technical college was set in 1956as the first Kenya institution of higher learning. Which was later renamed Royal college of Nairobi then upgraded to University. East Africa formed federal university of east Africa (UEA. However, the institution was later disbanded, and each country focused on developing their own public and private universities (Ngome, 2006).

The University College was renamed later University of Nairobi through an act of parliament that's in 1970. The act was accountable for the conceptualization of Kenyatta University that became independent in 1985, then Jomo Kenyatta University college of Agriculture and then became fully fledged University (Davis &Eisemon, 1993). College name was dropped from the full name of the university. Increased demand of higher education lead to establishment of Commission of Higher Education (CHE) in 1985 through an act of parliament (The University Act Cap 210B). Ngwareet al. (2005) observed that CHE had been reduced to a body that issues letters of interim authority and had no strong control of quality issues in the universities. For this and other reasons, CHE has since been replaced by Commission of University Education (CUE, 2013).

1.2   Problem Statement

Within a university environment, perceived price and perceived service quality have the ability to influence student satisfaction, though university management do not pay much attention to them (Hasan, 2008). Excellence is a key component in achieving customer satisfaction as customer loyalty depends majorly on the satisfaction a customer has (McDougall & Levesque, 2000).There is an existence of several researches which are focused on identifying and investigating, elements and factors that enhance customer satisfaction level Various researchers have in their studies studied how satisfied customer is influenced by relational benefit and perceived value (Dagger & O' Brien, 2010). Nevertheless there are few studies that have dealt with institutions of higher learning effort to establish a long lasting relationship with its customers who are the students,. There is little research that has been conducted to explore the relationship between relational benefit and customer

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satisfaction, building quality relationship allows institutions to have positive student experience and value. This provides evidence that relational benefit is significant, this is because it enables the customers to make clear distinctions of the existing universities as it helps them make a differentiation among universities in this competitive environment. The differentiation is made through the customer perception of price and quality of service.

The rapid expansion and need of university education in Kenya has led to impoverished conditions and deteriorated quality of university education in terms of quality of service and value, (Mutula, 2002). Mwaka et al. (2011) adds that the high enrolment levels have led to the quantity visa avis quality debate and ultimately a phenomenon described as non-education. Under this circumstance, the sustainability of perceived value in universities in Kenya remains questionable.

Perceived value is most misused concept and the role still remains unclear both experimental and theoretical (Khalifa, 2004). Hu, Kandampully and Juwahee (2009) observed that the connection between perceived service quality, perceived price and customer satisfaction is the key component of the service industry, however these variables are sparse and in Kenya particularly few studies have been done. Limited research also done on higher education as history studies on service delivery were focused mainly on telecommunication (Muturi,2014), hospitality (Gikonyo, Berndt and Wadawi, 2014), banking and airline industry. This study examined the effect of perceived service quality and perceived price, on customer satisfaction amongst university students in Kenya.

1.3   General Objective

To determine the effects of perceived value on customer satisfaction in institutions of higher learning in Kenya.

1.3.1   Specific objective

1. To determine the effects of perceived service quality on customer satisfaction.
2. To examine the effect of perceived price on customer satisfaction.
3. To compare the effect of perceived value on customer satisfaction between public and private universities.

1.3.2   Research questions

The study answered the following research questions;

1. What are the effects of perceived service quality on customer satisfaction?
2. What are the effects of perceived price on customer satisfaction?
3. Is there a difference on the effects of perceived value on customer between public and private university students?

1.4   Significant of the Study

1.4.1 Institutions of Higher Learning

This study was a great significance to the institutions of learning as incorporation and relation of perceived price in service quality to student satisfaction and was viewed as the a major objective in institutions finding out what perception our customers have positive perceived pricing and their satisfaction that would help in the institution competing to improve the market share use to attract and at the same time give quality service without compromise the value.

Institutions have a better understanding of how perceived price and perceived service quality has a major influence on demand. This is because it ensures customers are satisfied and this influences to prefer the actual institution as opposed to rival institutions. Moreover, the study intends to show that perception of a customer has impact on the value and the service quality. Plus it lasts forever when the customers is satisfied. Fulfillment of their needs is thus essential and it leads to customer satisfaction. The learning institutions can use the information to determine how to best offer their services to its customers.

1.4.2Academicians

Scholars gained greater insights on how consumer perception of price and quality services influences the decisions of the students. The study intends to find solutions that that can be used to close gap that is created between the perceived price and perceived service quality and the actual services that they offer. The study also discussed how important the perception variables being investigated impact on customer satisfaction methods. This information can be used by the scholars to widen their understanding of the topic. The information can also be referenced by scholars as they undertake various researches.

1.4.3Sponsors

The information in the study helped sponsors identify with the value of the money they pay and hence direct it to institutions where they feel that the value is being achieved.

1.5   Scope of the Study

The study focused on the effects of perceived value on customer satisfaction in institutions of higher learning in Kenya. Perceived value is a construct that brings together the perception of students on fees and services of the university. The study focused on two universities. The public university to be considered was University of Nairobi and the private university to be considered was KCA University.

1.6   Assumption of the Study

The study assumes that the respondents freely filled in the questionnaire truthfully; it also assumes that the researcher got all the relevant information required from the relevant sources and also that the responses were accurate too.

1.7   Limitation of the Study

The method that was used was descriptive research design whereby the variables were not controlled by the researcher. The study used questionnaire as the instrument for collecting data. This is because time for the data collection was limited to two weeks. The study was carried out on the effects of perceived service quality and perceived price, the study was limited by finance since the researcher was the one financing this study.

CHAPTER TWO
LITERATURE REVIEW

2.1   Introduction

This chapter seeks to review relevant literature related to the study that underscores the trend of how perceived service quality and perceived price have influenced customer satisfaction. The chapter aims to reconcile, interpret and critic various views and theories on the subject. This chapter presents a theoretical review, empirical review and proposed conceptual model.

2.2   Theoretical Review

The study was based on the consumer behavior theory fronted by Howard and Sheth (1969) and the SERVQUAL model by Parasuraman, Zeithaml and Berry (1985). Figure 1 summarizes four steps of the Howard Sheth model as encompassing the incentive inputs, hypothetical constructs feedback and oxogenous. The model shows consumers get stimulated to think about buying by quality, price, distinctiveness, service and availability from the significant and symbolic aspects. The hypothetical construct have been put into two, that is perceptual construct and the learning construct, the perceptual construct clarifies the way an individual perceives and responds information from the input variables and all the information gotten may not necessarily be significant. This uncertainty of information may lead to over search of information about a product, which may lead to perception of how a buyer may perceive it which may not be true .This process explains stages from when a buyer gets the motive to buy, to the time the buy develops motive of his perceived satisfaction.

Purchase intension is an outcome of the mental play of the buyers mind, what the buyer thinks of the product and the attitude he forms in the process of mankind a decision of whether to buy , this is the first impression the perception a buyers used as he decides before buying a service, the buyer also looks at the alternative brands as they make the decision of buying and order of preference of brands and products,   the brand knowledge about the existing product and the satisfaction that is received from consumption, the satisfaction which is learned after the consumption of the product or experience of the service. As a response element of learning construct satisfaction which is the post purchase evaluation and following brand understanding, attitude as indicate by the broken lines in the figure 1.

FIGURE 1
Howard Sheth Model
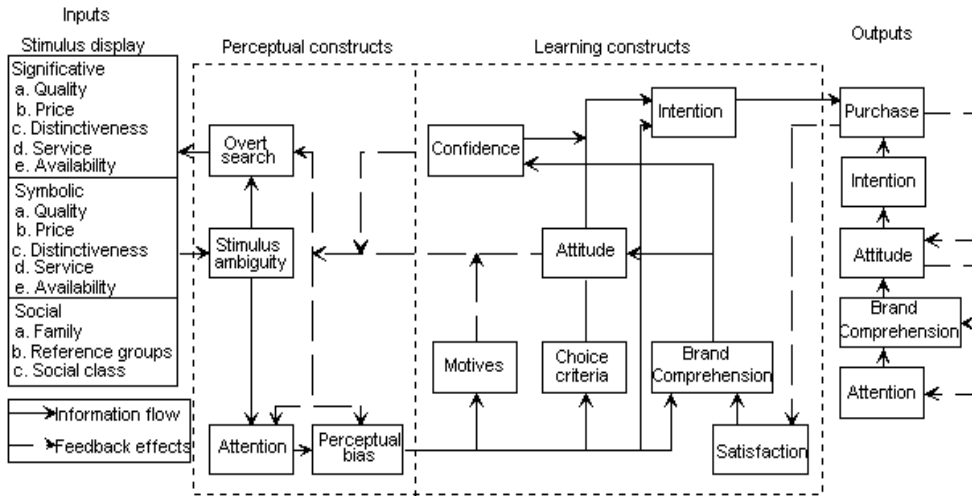
Source: Howard and Sheth (1969), The Theory of Buyer Behaviour, John Winley& Co pg 16.

Output variables consist of set of possible hierarchical response purchase intension, the purchase is the action of accepting to pay for the goods of service that one perceives gave satisfaction, purchase is reached when the buyer has responded positively to the information about the brand and accepting the value informed he would get. Buyer attitude towards the product was determined by the attitude towards the next purchase of the service or good.

Model two that forms the theoretical basis of this study was the SERVQUAL model. Parasuraman et al. (1985) proposed a service quality measurementmodel that they referred to as the SERVQUALmodel. TheSERVQUAL model is anchored on the measurement of the difference between expected service level and the perceived service level after the service delivery. SERVQUAL has five dimensions: Reliability, Responsiveness, Assurances, Empathy, and Tangibility, also abbreviated as RATER by Buttle (1996).SERVQUAL this is an analytical tool that helps managers and supervisors identify variables that affect quality of service being offered (Seth, Deshmukh, &Vrat, 2005). This model is used mostly by marketing researches and scientists, note it's a exploratory study and does not offer clear measures methods on different levels of the gaps, over the years the model has been has been refined and its believed that only performers should used and measured by SERVPERF model perception of service quality (Cronin & Taylor, 1992).

Findings SERVQUAL factors are inconsistent and are not consistent in different applications (Dabholkar, et al., 1996; Shahin & Samea, 2010).

2.3   Empirical Review

In this section, the study presents a review of literature based on related studies. The literature is reviewed based on perceived service quality, perceived price, perceived value, customer satisfaction, conceptual framework and finally the variables are operationalised.

2.3.1   *The Construct of Perceived Service Quality*

Service quality features is largely conceptualized in the framework of service quality in marketing information in literature (Lee, Lee &Yoo 2000). And this deals with the concept of perceived service quality. Service quality is the extent the firms successfully serve the purpose and aim of the customer determines the perceived value of the service based on the experience received or experienced during the delivery of the service. (Zeithaml, Et al. 1990), Customer's expectations and service delivery process and the outcome have a significant impact on perceived service quality (Ghobadian, et al. 1994).

The most integral part of the service process are the employees, they are important as they enhance perceived service quality (Yoo& Park (2007). Consequently service perceptions are formed during the production, delivery and consumption or use of the service provided (Edvardsson, 2005). The study concluded that both positive and negative experiences of the customer as well as favorable and unfavorable experience have significant impact measuring service quality by use of SERVQUAL model all the same customers perception may at a great extent by previous experience of the service or product (O'Neill & Palmer, 2003).

Customers may view different varieties of attributes in different ways contribute to customers intension to buying goods or service. Most researchers have focused on managements Markovi´c&Raspor who have paying attention on different aspects of service quality (Grönroos 1984; Zeithaml, Et al. 1990). Emphasis should be put on customers as agreed by most researchers (Parasuraman, Et al. 1985; Parasuraman, Et al. 1988). Importantly customers perceive service

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quality as a multidimensional concept. The precise nature of services makes it difficult to measure and maintain the quality of perception.

2.3.1. *Perceived Service Quality in Higher Education*

Over the years service quality has been linked with the increase in profitability and giving an organization a competitive edge towards it over the others, giving it a better advantage over the rest and also a better differentiation of the product or service. (Zeithaml, Bitner, &Glemler, 2009) admits that the highest priority understand the importance of perceived service quality and perceived price , service quality now move and spreads from businesses to learning institutions, which has stimulated and influenced by service quality both for teaching and administrative support functions within an institution of higher learning.

Concentrating on the customers essential principal of service quality and customers receiving services from institutions of higher education .The service fall into five groups this comprises of, the students, the employees, the government and the public sector. Finally wider community (Martensen, Et al. 2000). The primary customers are the students (Wallace, 1999).

2.3.2 *Perceived Price and Customer Satisfaction*

Definition of perceived value as valuation by a customer is the benefit obtained from a service or a product and the perceived service if they match the sacrifice the buyer is ready to take as they purchase the service or good. (Zeithaml, 1988; Monroe, 1990; Lovelock, 1991; Gale, 1994; Bigné, Moliner&Callarisa, 2000).It is perceived to be very intimate and highly subjective conception(Parasuraman, Zeithaml& Berry, 1985). Perceived value is the advantage customers receive in relation to the sum total of the price charged and paid in addition to the cost associated with the buying or purchase (Parasuraman Ramseook-Munhurrun, 1991). This study then indicates customers who feel and have achieved satisfaction more than others they also feel they have received value for their money they used to purchase the goods or service (Zeithaml, 1988). Perceived service quality and perceived piece is identified as the benefit received by a customer for the cost of service received based on the way the perception they had before buying the good or receiving the service (Zeithaml, Berry &Parasuraman, 1988). These is receiving what you want, the quality for price this include low or acceptable price and receiving what you have paid for (Caruana, Money &Berthon, 2000; Zeithamlet al., 1988).

The connection of the viewpoint of marketing has had a profound impact on customer services, the new focus is on effective management on satisfied customers gains the company an

improvement and competitive edge in the market, the faithful customers provide. (Yang & Peterson, 2004).Customers have easy access to information and this fasten and makes easy the decision of to buy or not to buy easy and short as a lot of convincing is avoid as the client already knows what they want and are satisfied with the delivery and experience(Kotler&Caslione, 2009). This reduces shifting and dropping of customers and also reduces advertising costs (N'Goala, 2007).

2.3.3 Perceived Value in Institutions of Higher Learning

In higher education customers can be defined as the faculty, students, staff and the key stakeholders are the students, selection of a college or institution of learning is the first step the key stakeholders talked in the educational process. The education value perception is earned as the most significant on the students' choice of a college (Hasan et al., 2008).It is known that if the students perceive value of a learning institution is more or greater than the cost of fee charged to attend the college , enrollment objectives are easily reached whereby the enrollment numbers may surpass the target However the reverse of this is true target may fail to be met is the value perceived is lower than the fee being charged, and this can explain why colleges may not meet the enrolment targets even with intensive advertisements and with this some colleges had to reduce the fee charged for the to increase enrolment to acceptable number according to Parasuraman, et al.'s satisfaction model (1994).

All that are purchased from out of the college is not included from the value added results. Supplementary services such as cafeteria, bookshop that receive dedicated revenue and they expand and increase resources to add value added relationship, and services from outside are excluded because students pay for them. while value added from within such as classroom environment is very difficult are requires an in-depth analysis of the cost of the institution(Orsiniet al. 1999) Saint Bonaventure University analyzed valued added from purchased articles but in the official statement of the university this was not included in the financial statements.

2.3.4 Perceived Value and Customer Satisfaction

Study by (Oliver, 1996), Adopted the definition of customer satisfaction as the customers fulfillment reaction and the judgment of a service of product if it provided positive level of consumption (Jackson, 2007). Over time satisfaction has been emphysemas one of the most practical and important issue of market and research done by (Jamal, 2004).

The customer perceived values have the ability to influence the type of satisfaction that the consumers had in the long run. This means that customer satisfaction is influenced by the perception,

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and also the perception is influenced by satisfaction (Dick &Basu, 1994) confirmed that at times the customer may not come to buy again but in any discussion involving the product or service the customer talked positively of the product and this convinced others to come buy the product (Gremler & Brown, 1996).Universities and all other institutional providing service other than education are expected to provide excellent services and others facilities that would make learning conducive in this modern and competitive market. Well fitted labs, use of projectors in class, speedy feedbacks from students' queries (Malik, Hassan, & Iqbal, 2012).

Customer satisfaction is classified under three approaches including behavioral, attitudinal reliability in the selling literature (Bowen & Chen, 2001). These aspects can all be influenced by their perception, even when the perception is not an accurate reflection of the actual service quality, value and price offered by the institutions. Behavioral loyalty means the consistence and the many times a purchase is done. Customer satisfaction is measured by investigation the number of times enrollment or the number of times a student switches from one college to the other (Dick &Basu, 1994).

2.4   Conceptual Framework
The reviewed literature led to derivation of the conceptual framework Figure 2. below. According to the conceptual framework there are two independent variables and one dependent variable. The dependent variables for this study are perceived value (perceived service quality and perceived price) which affect customer satisfaction independently combining perceived service quality and perceived price results in perceived value. Perceived value has a direct effect on customer satisfaction.

Independent Variable   **Dependent Variable**

FIGURE 2
Conceptual Framework

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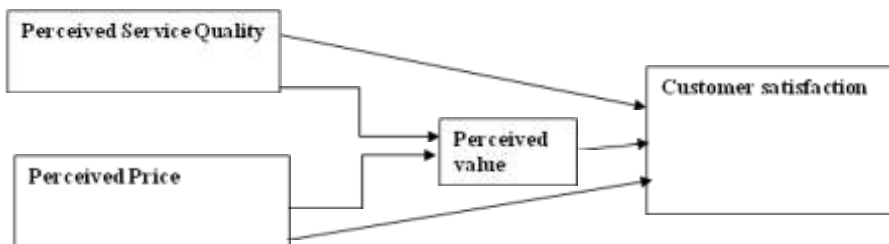
2.8.1 Operationalization of the Variables

Figure 3 presents operatinalization of the key study variables. Customer satisfaction was defined by the following variables; services met student expectation, willing by students to pay premium prices, willingness to buy university services again positive and negative experience, willingness to refer and transfer rate. Perceived service quality was defined by the following variables: level of service reliability, level responsiveness, level of service assurance, service delivery, effectiveness of tangibles and the second independent variable perceived price was determined by Affordability, Benefits versus cost, Value of service.

Dependent Variable   **Independent variable**

FIGURE 3
Operationalisation of Variables
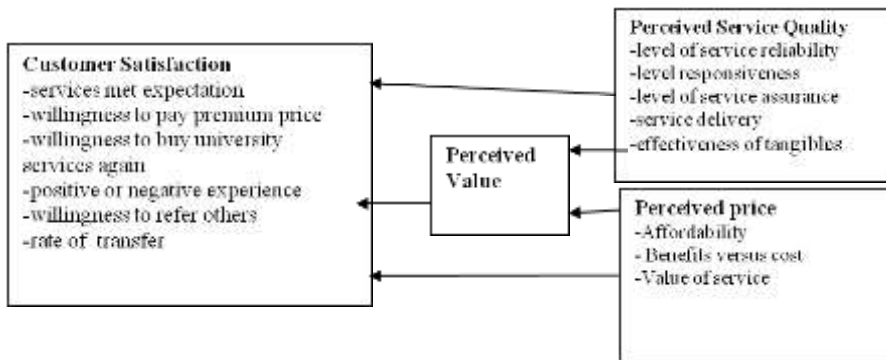
2.8.2 Effects of Perceived Price on Customer Satisfaction

The purchase process has five phases; the first phase is when the buyer gets to perceive the product or service, thinking of the availability its quality its price and the marketing activities involved in it. Then the customer thinks of the price and the value it could have, third the customer compares the value he expects to receive and the other products value weightings the benefits each would give him. Then finally he makes the decision of purchase and after this the customer may experience post purchase reactions if the product actually meet the service quality expected. (Monroe, 1979; Monroe &Krishnan, 1985; Dodds & Monroe, 1985). The post purchase reaction or feeling was determine positive word of mouth thereafter or repeat buying that's most expected if perceived value is met of exceeded. (Parasuramanet al. 1991;Cronin& Taylor, 1992).

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2.8.3   *Effects of Perceived Service Quality on Customer Satisfaction*

Customer satisfaction and perceived service value attracts attention from researchers and those in practice from wide range of disciplines , most studies have shown   strong relationship between perceives service quality and customer satisfaction, as they are identified as leading to , repeat buying , competitive advantage and customer loyalty (Taylor & Cronin, 1994).A number of publications on customer satisfaction and perceived quality , little work has been done to clarify the conceptual basis of the two constructs, (Parasuramanet al. (1994).Most press do not differentiate the two and uses them exchangeable which is not right and hence literature tend to provide conflicting views (Taylor & Cronin, 1994).

2.9   Research Hypothesis

Resulting from the conceptual framework in Figure 2, the study tested the following research hypotheses.

H_{01}:   *Perceived service quality has no significant effect on customer satisfaction*

H_{02}:   *Perceived price has no significant effect on customer satisfaction*

H_{03}:   *Perceived value has no significant effect on customer satisfaction*

H_{04}:   *The effect of perceived value on customer satisfaction is not significantly different between public and private university students.*

CHAPTER THREE

RESEARCH METHODOLOGY

3.1   Introduction

This chapter described the various stages and phases that were followed in collecting data for the study. It presents a blueprint for the study population, sampling, data collection, instrumentation, measurement and analysis of data.

3.2   Research Design

Research design is the manner in which data is collected, measured and analyzed in order to achieve certain research objectives (Cooper & Schindler, 2006). Research design is the scheme, outline or plan that is used to generate answers to research problems (Orodho, 2005).This study used a descriptive research design which seeks to address the questions of how, when and what (Kuada, 2012). This design was suitable for this study since it addressed the main question which was the effect of perceived service quality and perceived price on student satisfaction The major emphasis of a descriptive study was to determine the frequency of the extent to which variables are related (Mugenda & Mugenda, 2003). Descriptive research was also preferred because it allows for quantitative analysis of data.

3.3   Population of Study

In this survey, the population of interest consisted of respondents from two universities. To facilitate a comparative analysis, one public university (University of Nairobi) and one private university (KCA University) was selected and used to generate the data on student perception and how it impacts on customer satisfaction. The unit of analysis in this study was registered degree students in the public and private universities. The degree students were preferred because they are the universities immediate customers who experience the service provided by the institution and are therefore best placed to answer questions on their perceived service experience at the university, a position also supported by Navarro et al. (2005). University of Nairobi is preferred on the premise that it had the largest number of students in the 2012/2013 academic year. KCA University was preferred because it is most proximate to the researcher. These universities are therefore more likely to address the variables of interest to the study.

The sampling frame was obtained from the respective University Registrars office. Kombo and Trump (2006) observes that a sampling frame provides a means for choosing the particular members of the target population that are to be interviewed in the survey. The University of Nairobi had a total of 3,447 students pursuing Bachelor of Commerce degree, while KCA University had 1,056 students pursuing Bachelor of Commerce degree. The total population size is therefore 4,503 students according to the University Registrars records.

3. 4   Sampling Design

A sampling technique shows the classification of the different ways of choosing a sample. The study used a probability sampling approach to give each member an equal opportunity of being selected (Kombo & Trump, 2006). The study used stratified sampling procedure, where the students were grouped into two, public university students and private university students. The students were stratified into full time students and part time students. The part time students included evening and weekend students. From each stratum, simple random sampling was applied to arrive at a final sample size of 368 respondents. The formula of sampling forwarded by Krejcie and Morgan's (1970) was used in calculating the sample size. Adopting proportionate sampling approach, the study then computed 8% of each stratum to give equal representation as shown in Table 1

Sample Size Formula
Krejcie and Morgan (1970) suggested the following formula to determine sampling size:

$S = X^2NP (1-P)/ d^2 (N-1) + X^2P (1-P)$…………………………..……….. Equation (i)

Where;

S   = Required sample size

X^2 = The table value of chi-square for one degree of freedom at the desired confidence level

N   = The population size

P   = The population proportion (assumed to be 0.50 since this would provide the maximum sample size)

D   =The degree of accuracy expressed as a proportion (0.05)

TABLE 1
Sample Size

University Category	Population	Sample size	Percentage
KCA University	1,056	84	8%
University of Nairobi	3,447	275	8%
Total	**4,503**	**368**	8%

3.5   Data Collection Methods

Data collection methods refer to the approach that the researcher takes while collecting data in relation to the study (Kumar, 2009). Secondary data was collected through reviewing credible sources with related information on the study (Kuada, 2012). The researcher reviewed books and academic journals that have information related to the impact of perceived price and perceived service quality on customer satisfaction. The researcher looked to ensure that the sources used in the review of literature are from reputable and credible authors (Kumar, 2009). This is aimed at ensuring that the findings presented in the study are reliable.

The researcher used primary data collection method in the study. The primary data was collected using questionnaires. The questionnaires were self-administered to the students in different classes in each university. The students were requested to take ten minutes to answers questions after which the questionnaires were collected and tallied to ensure all the questionnaires are returned. This method of data collection is meant to increases response rate, provide confidentiality, allow for clarification of difficult questions, and enhance the control of data collection process by the researcher.

3.6   Instrumentation

The instrument used in the study was a structured questionnaire. A cover letter (Appendix I) was attached to the questionnaire to introduce the researcher and provide respondents with information on the study. The questionnaires (Appendix I) contained closed-ended questions that had been constructed to address the three research objectives. The structured questions were asked to minimize response variability while scaled questions were used to rank the response. The

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questionnaire had four sections; the first section sought background information. The second section collected data on perceived service quality. The third section provided data on the effect of perceived price on customer satisfaction and the fourth section collected data on customer satisfaction. The study adopted a 5 point Likertscale, where 1 = Not at all   2 = To a small extent (SE) 3= Moderate extend (ME) 4 = Large Extend (LE) and 5 = Very Large Extent (VLE).

3.6.1 Validity and Reliabity

The instrument in Appendix 1 was pilot tested to check for its face validity. Coopers and Schindler (2003) observe that a validity test shows the extent to which a measure or a set of measures correctly represents the concept in the study. Face validity was critical in ascertaining weaknesses in the questionnaire structuring, clarity of questions and the relevance of the questions. The pre- test was done with a select sample of 5 students. After pre- testing, an improvement on the questionnaire was done based on the feedback received.

TABLE 2
Test of Instrument

Cronbach's Alpha	N of Items
0.950	61

Following the field survey, the instrument was subjected to a scale test to ascertain it reliability. When used in the context of research, the term 'reliability' is describes the 'repeatability' or 'consistency' of the measure (Hinton et al., 2004).) The Cronbach's alpha (α) test was adopted in testing the reliability of the instrument. Cronbach's alpha ≥ 0.7 was Sultan and Wong (2010) interpreted to mean the instrument provides a relatively good measurement tool hence reliable. After improvement on its face validity, the questionnaire finally used in the survey resulted in alpha = 0.95, evidenced by appendix 3. A study by Ariola, et al. (2006) adopted an instrument with alpha value of 0.765 and they observed it was reliable. The study instrument therefore met the criterion related validity requirement and was interpreted as reliable.

3.7   Data Analysis

After field work, the data collected was prepared for analysis. Preparation entailed chain the questionnaire for completeness and legibility. The questionnaire was coded and keyed in using

Statistical Package for Social Sciences (SPSS) to facilitate statistical analysis. This is to ensure that the data collected is presented in a logical way that provides adequate basis for the generation of conclusions in regard to the specific issue under investigation (Kuada, 2012). Tables and charts were used for visual representation of the key findings.

The background information collected was analyzed using descriptive statistical analysis to provide a profile of the respondents. The descriptive statistics used included a mean score analysis, minimum, maximum, standard deviation and variance analysis. To address the research objectives of determining the effect of perceived value on customer satisfaction, the study adopted regression analysis. Perceived value was the independent variable and customer satisfaction was the dependent variable. Perceived value is a construct defined as comprising perceived service quality and perceived price. The hypothesized model took the form of equation one below.

$$CS = \alpha_0 + \beta_i PSQ + \beta_{ii} PP + \varepsilon_0 \text{ ....} \textbf{equation (i)}$$

From the equation (1), CS = customer satisfaction, α_0 = constant associated with the regression model, β_i = Coefficient of Perceived Service Quality (PSQ) and β_{ii} = Coefficient of Perceived Price (PP) respectively and ε_0 = error term associated with the regression model. Finally the study used ANOVA test to compare the effect of perceived value on customer satisfaction between public and private universities.

3.8 Ethical Considerations

In the process of conducting the study, there are various ethical considerations that was be factored by the researcher. These are the specific elements that may undermine the reliability and credibility of the research. One of the main factors was the originality of the data collected. In terms of secondary research, the researcher ensured that the findings and conclusions of different authors are correctly cited and referenced accordingly using APA referencing system. This eliminates any chances of plagiarism which is a major academic offence. By so doing, the researchers have increased the levels of originality of the study. Again this also helped in ensuring that the views of the authors are separated from those of the researcher in the study. This allows the effective understanding of the independent and critical view that the researcher has on the issues generated.

In relation to the primary research, the main issue of consideration was confidentiality. In most cases, the respondents fail to give accurate feedback in fear that the data they give may be used

against them in future. To ensure that this does not happen, the researcher guaranteed confidentiality of the data collected. The data collected by the researcher was used for the purposes of the study only. It was treated with confidentiality and assurances given in respect to this issue. Also, the authority of the parties involved also be sought before the data collection process is undertaken

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATIONS

4.1 Introduction

This chapter presents the results and interpretations of the study guided by the research objective of the study. Data analysis was done using statistical analysis, descriptive statistical analysis and regression analysis. Descriptive analysis was used to address the profile of the students and Regression analysis was used to establish the research objectives of perceived value on customer satisfaction and Finally ANOVA test was used to compare the effect of perceived value on customer satisfaction between public and private universities.

Out of 368 questionnaires administered 368 were filled and returned resulting to 100 % response rate Mugenda and Mugenda (2003) indicated that questionnaire have a response rate of about 70% and that response rate of 50% is adequate for analysis 70 % being very good. Therefore 100% response rate was very good to use.

4.2 Demographic Profile of the Respondents

The sample profile in Table 3 shows a majority (53%) of the respondents were full time students followed by 39% part time and that 7.6% of the students were weekend students. This point at the growing trend of part time students in the Kenyan higher education sector. A study by Navarro(2004) pointed out that universities are today faced with the challenge of having to meet the needs of a new crop of students in the form of working class who are coming back for further studies. The study sort to investigate this trend par university resulting in Table 4. below. A cross tabulation of mode of study and university category shows that most of the students at University of Nairobi were full time students.

The male gender were majority respondents (52%) female are at close with 47% this indicates that more female students are enrolling to further studies unlike in the past where majority were male.

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TABLE 3
Demographic Profile of the Respondents

	Frequency	Percent	Valid Percent
Mode of study			
Full time	196	53.3	53.3
Part time	144	39.1	39.1
Weekend	28	7.6	7.6
Gender			
Male	193	52.4	52.4
Female	175	47.6	47.6
Your University of study?			
KCA University	87	23.6	23.6
University of Nairobi	281	76.4	76.4
How you came to know of KCA/UON			
Friend	90	24.5	24.5
Media	190	51.6	51.6
Parents	71	19.3	19.3
Sponsor	17	4.6	4.6
What attracted you to university of choice			
The Facilities	144	39.1	39.1
The fees charged	71	19.3	19.3
The curriculum	97	26.4	26.4
The geographical location	56	15.2	15.2
Apart from education what other reasons would you prefer one university to the other			
Availability of modern facilities	109	29.6	29.6
Affordable tuition fees	85	23.1	23.1
Influence from friends and relatives	36	9.8	9.8
Reputation of the university	138	37.5	37.5
How many times do you visit an office before you receive the promised on spot services			
Once	79	21.5	21.5
Twice	122	33.2	33.2
Thrice	84	22.8	22.8
Several	83	22.6	22.6
To what percentage does the fee charged match the value you expected			
Below 20%	55	14.9	14.9
40%	156	42.4	42.4
60%	109	29.6	29.6
100%	48	13	13
Total	368	100	100

The main means by which students get to know their current university was through media (51%) this indicates that media is playing a major role in marketing the universities and therefore. Referrals system following with 20% the gap is being universities are encouraged to use students to refer others by provision of excellent services to improve this, as this reduced cost used in advertising, parents and sponsor trail behind as students may not have an option when fee payers dictates where they could pay fees.

FIGURE 4
How you came to know your University of Choice
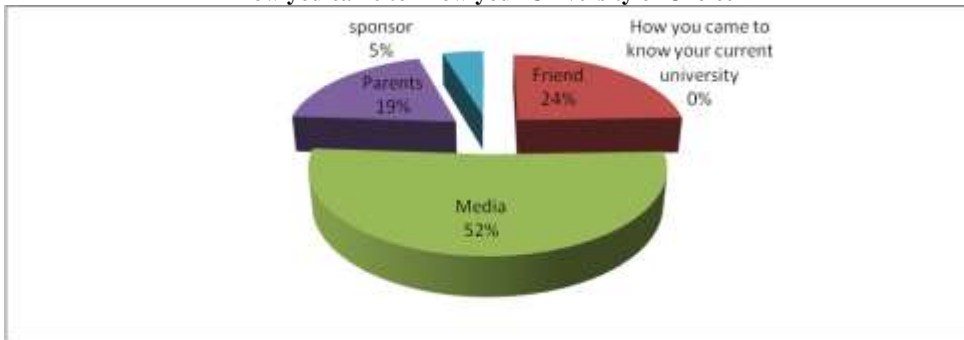
Facilities was the major cause of attraction with 39.1%.Students look for already established universities with facilities. Table 3 also shows that the fees being charged and geographical locations are not major contributions of the students enrolment to a university, meaning as along as a university has modern facilities and a university with current curriculum the which respondents at 26%, the respondents enrolled in the university as shown in Table 4. below.

TABLE 4 :
Reasons of Choosing one University Over the other

	Availability of modern facilities	Affordable tuition fees	Influence from friends and relatives	Reputation of the university	Total
KCA University	39.10%	27.60%	4.60%	28.70%	100.00%
University of Nairobi	26.70%	21.70%	11.40%	40.20%	100.00%

Reputation of the University was another reason apart from education why students preferred one university to another having 37.5%.University brand sellsa university more than even facilities. A cross tabulation of public and private university was done and the Table 5 below shows that in private modern facilities attracts students more with 39% while private only 26% does. Respondents tends to appreciate modern facilities in private institutions more than their counterparts in public who are attracted more with the reputation (40%) while private has 28%. Private university students get attracted more by universities modern facilities.

FIGURE 5
Number of Visits to Offices for the on- spot Service
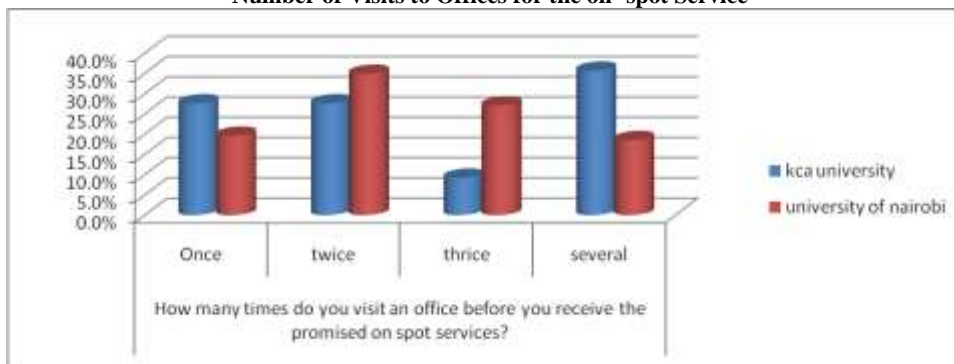
Figure 5 on explains how many times respondents have to visit an office before they receive the promised service. A cross tabulation of this variable was done and it observed that a big percentage of 35% of private university visit the office several times before they get the promised on spot service while in public only 18% does that. This shows that on spot service promised by private universities are not achieved as promised; this could mean that private universities are more customers friendly.

On the question of fee charged match the value expected (42.4%) of the respondents felt that did not match the value they received. This could indicate that the cost of education is higher than what students expect in terms of value. Never the less in private universities respondents of 36.8% of the respondents agree that they received value for the fee charged.

TABLE 5
Value Expected on Fee Charged

University	To what percentage does the fee charged match the value you expected?			
	Below 20%	40%	60%	100%
KCA University	17.2%	34.5%	36.8%	11.5%
University of Nairobi	14.2%	44.8%	27.4%	13.5%

TABLE 6
Rotated Component Matrix

	Component 1	Component 2	Factor	Cronbach's Alpha
The process followed to register as a student is adequate	.725			
The course content is taught as outlined in the curriculum	.718			
My lecturers are approachable and willing to help me	.703			
The examinations are within the course content taught	.695			
The course content is taught as outlined in the curriculum	.680			
The lecturers use effective teaching methods	.678			
The process followed to get admission to the university is clear	.669			
My lecturers display competence in teaching	.663			
My lecturers have experience in academic research	.662			
The lecturers have respect for my opinion	.649			
The new student orientation process is informative	.629		Perceived Service Quality	0.956
The curriculum prepares me adequately for the market	.611			
The process of making payment to the university is convenient	.607			
I believe the university gives quality education	.606			
My lecturers evaluate me correctly	.603			
The conduct of my lecturers instill confidence in me	.597			
Our examinations start at the right time	.567			
The lecturers facilitate depth of subject discussion in class	.562			
The university provides services as promised	.555			
The academic environment is conducive for learning	.548			
The university operation time are convenient to me	.524			
My lecturers are available for consultation outside class time	.508			
The support staff are always courteous		.703		
The university is dependable in handling my service problems		.646		
The support staff are always willing to help me		.631		
The university performs services right the first time		.620	Perceived Price	0.874
The university communicates effectively of any developments		.597		
The university registrar's office maintains error free records		.552		
Our examination results are published at the right time		.537		

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

4.3 Factors Influencing Perceived Value

The study used factor analysis to reduce the many variables to few factors. The study adopted The KMO (Kaiser-Meyer-Olkin) statistics and Bartlett's test of Sphericisity as pretest analysis. Appendix3 shows KMO statistics of 0.945. Hutchison and Sofroniu (1999) endorsed KMO values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great and values above 0.9 are superb, hence the value 0.945 shows that sample was adequate in this study. The Bartlett's test of Sphericity resulted in a p-value =0.000and was considered significant as it was less than thresholdof 0.005(Tabachnich & Fidell, 2007). This meant that the variables in the data set were correlated and hence good for the factor analysis.

TABLE 7
KMO and Barlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.945
Bartlett's Test of Sphericity	Approx. Chi-Square	6543.313
	Df	703
	Sig.	0.000

The initial solution was determined using Principal Component Analysis (PCA) method. The PCA method was preferred because it allowed for reduction of the data set to a more manageable size while retaining as much of the original information. Appendix 5 shows that the unrotated solution revealed38components out of which eight components explained 60.798 % of the variations leaving 39.202% of the variations unexplained. This necessitated factor rotation to explain the unexplained components.

A varimax with Kaiser Normalization rotation method was used resulting in a two factor structure as shown in Table 6 The two factors were identified as perceived service quality and perceived price. Variation in the factor perceived service quality was explained to a great extent by 22 items including the following; 'the process followed to register as a student is adequate' had a factor loading of (0.725), followed by'the course content is taught as outlined in the curriculum' (0.718), my lecturers are approachable and willing to help me (0.703), the examinations are within the course content taught (0.695), the course content is taught as outlined in the curriculum (0.680), the lecturers use effective teaching methods (0.678), the process followed to get admission to the university is clear (0.669), my lecturers display competence in teaching (0.663), my lecturers have

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experience in academic research(0.662), the lecturers have respect for my opinion(0.649), the new student orientation process is informative(0.629), the, curriculum prepares me adequately for the market(0.611), the process of making payment to the university is convenient(0.607), I believe the university gives quality education(0.606), my lecturers evaluate me correctly(0.603), the conduct of my lecturers instill confidence in me(0.597), our examinations start at the right time(0.567), the lecturers facilitate depth of subject discussion in class(0.562), the university provides services as promised(0.555), the academic environment is conducive for learning(0.548), the university operation time are convenient to me(0.524) and my lecturers are available for consultation outside class time (0.508).

The second factor 'perceived price' was explained to a great extent by seven variables including the following; 'The support staff are always courteous 'with a factor loading of 0.703, the university is dependable in handling my service problems (0.646), the support staff are always willing to help me (0.631), the university performs services right the first time (0.620), the university communicates effectively of any developments (0.597), the university registrar's office maintains error free records (0.552) and our examination results are published at the right time (0.537).

In order to establish the reliability of the two factors extracted following the factor analysis process, the items that loaded on each factor were transformed into two new variables and perceived service quality and perceived price. To determine the internal consistency of the factors, the study used the Cronchbach' alpha test of reliability. Perceived service quality had $\alpha = 0.956$ and perceived price had $\alpha = 0.874$. The two factors both had alpha values greater that 0.7 and hence were reliable in explaining variations in customer satisfaction. The study observed that perceived value in Universities in Kenya was defined by the level of perceived service quality and perceived price.

4.4 Test of Research Hypotheses Using Regression Analysis

The study sought to establish the effect of perceived value on customer satisfaction. To do this, regression analysis was adopted in testing the research hypotheses. Assuming a linear relationship between perceived value and customer satisfaction, the study used the Ordinary Least Square (OLS) method of estimation. Using OLS, a regression line of best fit was sought. Regression analysis was used to model the relationship between perceived value and the customer satisfaction. It was important in determining the magnitude of the resulting relationship and it was used to make prediction based on resulting model.

Before the regression analysis, the data was subjected to assumptions of regression analysis. First the data set was tested for normality. The three key variable; perceived service quality, perceived price and customer satisfaction were subjected to a normality test using stem and leaf graphical display and a normal distribution curve as shown in Appendix 6. The resulting stem and leaf display confirmed that the data set was normally distributed. Second, the data was tested for existence of muticollineraity. The independent variables were correlated as shown inAppendix 4, resulting in a significant relationship (p = 0.000) with Pearson (r = 0.409). The weak relationship meant the data did not suffer from multicollinearity. Third the data was tested for linearity. The test for linearity using scatter plot revealed that the independent variables had linear relationship with the dependent variable. The fourth assumption tested was that of equal variance (homoscedasticity). The residual plots showed that the error term (εi) was normally and identically independently distributed with mean zero and constant variance. This meant the error variance in perceived value was constant along customer satisfaction. Hence the data did not suffer from heteroscedasticity and instead was homoscedastic. The study proceeded with regression analysis.

4.4.1   *Effect of Perceived Service Quality on Customer Satisfaction*

Assuming a linear relationship between perceived service quality and customer satisfaction, the study examined the predicted model relating perceived service quality and customer satisfaction as modeled in equation (2) below.

$$CS = \alpha_1 + \beta_1 PSQ + \varepsilon_1 \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\text{ equation (ii)}$$

The estimators in equation (2) were defined as; $\alpha_1$was the estimate of the intercept and $\varepsilon 1_i$ was the error term related with this regression equation, $\beta_1$was the beta coefficient of perceived service quality (PSQ) and CS represented customer satisfaction. The effect of perceived service quality and customer satisfaction was examined by testing the first research hypothesis (H_{01}) which stated that:

H_{01}:   Perceived service quality has no significant effect on customer satisfaction

Following a simple linear regression analysis, an ANOVA output presented in Table 7 shows model one was significant (p-value = 0.000) at 0.05 level in explaining the linear relationship between perceived service quality and customer satisfaction.

TABLE 8 ANOVA Test Perceived Service Quality

Model		Sum of	df	Mean Square	F	Sig.
	Regression	124.179	1	124.179	357.892	.000[b]
1	Residual	126.646	365	.347		
	Total	250.825	366			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Perceived Service Quality

In Table 8, model one had coefficient of determination (R^2) = 0.495, indicating that 49.5% of the variation in customer satisfaction was explained by the model leaving 50.5% of the variations unexplained. This meant that model one provided a moderately weak fit.

TABLE 9
Model Summary of Perceived Service Quality

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.704	.495	.494	.58905

a. Predictors: (Constant), Perceived Service Quality

b. Dependent Variable: Customer Satisfaction

Table 9 presents the coefficients of perceived service quality. In reference to model one, perceived service quality had a p-value of 0.000. The study therefore rejected the research hypotheses H_{01} at 5% level and observed that perceived service quality had a significant effect on customer satisfaction.

TABLE 10
Coefficient of Perceived Service Quality

		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
Model		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	0.161	0.163		0.99	0.323	-0.159	0.482
	Perceived Service Quality	0.917	0.048	0.704	18.918	0	0.822	1.012

a. Dependent Variable: Customer Satisfaction

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4.4.2 Effect of Perceived Price on Customer Satisfaction

Using OLS method of regression, the effect of perceived price on customer service was examined by testing the predicted model in equation (3) below.

$$CS = \alpha_2 + \beta_2 PP + \varepsilon_2 \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\text{equation (iii)}$$

In equation (3) α_2 was the estimate of the intercept and ε_2 was the error term related with this regression equation, β_2 was the beta coefficient of perceived price (PP) and CS represented customer satisfaction. The effect of perceived price on customer satisfaction was examined by testing the second research hypothesis (H_{02}) which stated that:

H_{02}:   Perceived price has no significant effect on customer satisfaction

Using a simple linear regression analysis, an ANOVA output presented in Table 10 shows model one was significant (p-value = 0.000) at 0.05 level in explaining the linear relationship between perceived price and customer satisfaction.

TABLE 11
ANOVA Test of Perceived Price

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	56.759	1	56.759	106.753	.000
1	Residual	194.066	365	.532		
	Total	250.825	366			

a. Dependent Variable: Customer Satisfaction
b. Predictors: (Constant), Perceived Price

The model summary of perceived price and customer satisfaction in Table11   shows the R^2 under model one was 0.226, which meant the perceived price explained 22.6% of the variations in customer satisfaction leaving 77.4% of the variations unexplained. Model one therefore provided a very weak fit.

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TABLE 12
Model Summary of Perceived Price

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.476	.226	.224	.72917

a. Predictors: (Constant), Perceived Price
b. Dependent Variable: Customer Satisfaction

The coefficients of perceived price are presented in Table 12 In reference to model one, perceived price had a p-value of 0.000. The study therefore rejected the research hypotheses H_{02} at 5% level and observed that perceived price had a significant effect on customer satisfaction.

TABLE 13
Coefficient of Perceived Price

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	1.809	.139		13.034	.000	1.536	2.082
Perceived Price	.479	.046	.476	10.332	.000	.388	0.570

a. Dependent Variable: Customer Satisfaction

4.4.3 Effects of Perceived Value on Customer Satisfaction

Perceived value was defined as perceived service quality and perceived price. The two independent variables (perceived service quality and perceived price) were regressed against the dependent variable (customer satisfaction) in an integrated model. The predicted regression model in equation four below was subsequently tested.

$$CS = \alpha_3 + \beta_3 PSQ + \beta_4 PP + \varepsilon_3 \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\text{.equation (iv)}$$

In Equation (4), α_3 was the estimate of the intercept to the regression line, ε_3 was the associated regression error term, β_3 was the beta coefficient of perceived service quality (PSQ), β_4 was the beta coefficient of perceive price (PP) and CS stood for customer satisfaction. The relationship between perceived value and customer service was examined by testing the third research hypothesis (H_{03}) which stated that:

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H₀₃: *Perceived value has no significant effect on customer satisfaction*

The ANOVA test results in Table 13 were used to assess the overall significance of the regression model. Under model one in Table 13, the p-value was 0.000. For model two, the p-value was 0.000. This meant that model one and two were both significant with p-values less than 0.05 at α = 0.05 level in explaining the linear relationship between perceived value and customer service.

TABLE 14
ANOVA Test Result of Perceived Value

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	124.179	1	124.179	357.892	.000[b]
	Residual	126.646	365	.347		
	Total	250.825	366			
2	Regression	134.817	2	67.408	211.507	.000[c]
	Residual	116.008	364	.319		
	Total	250.825	366			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Perceived Service Quality

c. Predictors: (Constant), Perceived Service Quality, Perceived Price

The model summary in Table 15 shows two models were generated using multiple regression analysis. Model one had R^2 value of 0.495, which meant that 49.5% of the variations in customer satisfaction were explained by perceived service quality. Model two had R^2 value of 0.537, which meant that 53.7% of the variations in customer satisfaction were explained by the combined effect of perceived service quality and perceived price. However model one provides a weak fit and model two provides a moderate fit.

TABLE 15
Model Summary of Perceived Value

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.704[a]	.495	.494	.58905
2	.733[b]	0.537493	0.534952	0.564539193

a. Predictors: (Constant), Perceived Service Quality

b. Predictors: (Constant), Perceived Service Quality, Perceived Price

c. Dependent Variable: Customer Satisfaction

Model two was then used in interpreting the coefficients in Table 16 The perceived service quality had significant coefficient with p-value = 0.000 and the perceived price also had a significant coefficient with a p-value = 0.000. This output shows the two independent variables; perceived service quality and perceived price were significant at α = 0.05 level in explaining variations in customer satisfaction. The study therefore rejected the research hypotheses H_{03} at 5% level and observed that and therefore there was a significant relationship between perceived value and customer satisfaction.

TABLE 16
Coefficient of Perceived Value

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.161	.163		.990	.323	-.159	.482
	Perceived Service Quality	.917	.048	.704	18.918	.000	.822	1.012
2	(Constant)	-.096	.162		-.591	.555	-.415	.223
	Perceived Service Quality	.797	.051	.611	15.650	.000	.696	.897
	Perceived Price	.227	.039	.226	5.777	.000	.150	.304

a. Dependent Variable: Customer Satisfaction

4.4.4 Evaluating of the Model Predicted by Perceived Value

After establishing that perceived value significantly influence customer satisfaction, the study sought a model that would provide the best fit in explaining the resulting relationship. The fitted regression model was presented as:

CS   = -0.096+0.797PSQ+0.227PP…………………………………………equation (v)

Significance   0.555   0.000   0.000

R^2 = 0.733

From equation 5, CS stood for customer satisfaction, PSQ represents perceived service quality, PP meant perceived price and -0.096 was a constant specific to the regression model. The integrated model in equation five above shows that model two had an R^2 = 0.733. This was interpreted to mean model two provided a good fit; implying customers perception of value had a significant positive effect on customer satisfaction. The R^2 = 0.733, further meant that 73.3% of the variations in the customer satisfaction were explained by two variables: perceived service quality and perceived

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price. Perceived service quality had a beta value ($\beta_3 = 0.797$). This meant that on an integrated scale, a unit change in perceived service quality would result in a 79.7% positive change in customer satisfaction level. A unit change in perceived price ($\beta_4 = 0.227$) would result in a 22.7 % positive change in customer satisfaction. This results show that increased levels of perceived value would result in increased levels of customer satisfaction amongst university students. It was further noted that variable with the greatest effect of customer satisfaction was perceived service quality followed by perceived price.

4.5 Comparative Analysis of Effect of Perceived Value on Customer Satisfaction in Private and Public Universities

The study sought to examine whether the perception of value was significantly different between public university students from that of private university students. To achieve this, a one way ANOVA test was performed to determine whether there are any significant differences between the means of perceived value that influence customer satisfaction in private and public universities. This involved the testing of the fourth research hypothesis (H_4) which stated that:

H_{04}:   The effect of perceived value on customer satisfaction is not significantly different between public and private university students.

4.5.1 ANOVA Test of Effect of Perceived Value on Customer Satisfaction

Table 17 shows that the students satisfaction differed significantly between the public and private universities along perceived service quality with $F_{(34,332)} = 13.746$, p-value $= 0.000$ which was < 0.05. It was also observed that students satisfaction differed significantly between the public and private universities along perceived price with $F_{(34,332)} = 4.428$, p-value $= 0.000$ which was < 0.05.

TABLE 17
ANOVA Test of the effects of Perceived Value on Customer Satisfaction

		Sum of Squares	df	Mean Square	F	Sig.
	Between Groups	86.506	34	2.544	13.746	.000
Perceived Service Quality	Within Groups	61.450	332	.185		
	Total	147.956	366			
	Between Groups	77.299	34	2.273	4.428	.000
Perceived Price	Within Groups	170.475	332	.513		
	Total	247.774	366			

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On further examination in Table 18, it was observed that students in private universities were more satisfied with the perceived service quality to a moderate extent $(35 = 40\%)$, while students in public universities were satisfied to a moderate extent $(85 = 30\%)$. Hence students in private universities were more satisfied with the perceived value.

TABLE 18
Overall, I am Satisfied by this University Cross- tabulation

		Overall, I am satisfied by this university					Total
		Not at all	Small extent	Moderate extent	Large extent	Very large extent	
Your University of study?	KCA University	4	9	35	29	10	87
	%	4.5	10	40	33	11	
	University of Nairobi	18	52	85	73	52	280
	%	6	18	30	26	19	
Total		22	61	120	102	62	367

4.6 Chapter Summary

In this chapter primary date was collected analyzed and tests were undertaken to confirm the research questions while refutes the hypothesis. The study described perceived service quality and perceived value in public and private university to be important. The study found core relationship between perceived value and perceived price in students' satisfaction in both public and private university. The next chapter is discussing the findings, conclusions and recommendations of the study.

CHAPTER FIVE

CONCLUTION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents discussions on the research findings from the data analysis process and summarizes the key findings, the study was therefore guided by three main objectives and the discussion concentrates on their level of attainment

5.2 Discussion on respondents' profile

According to the study, both part-time, full time and weekend students, they all have expectations to be satisfied with the various institutions they chose to be in and perception of what they expect is always established in their minds as they decide to join public of private university, this having been shown in background information where both public and private university expressed reasons why they joined their respective university. It is definite that they need to be satisfied with the services being offered in the institution for them to either come back or recommend another to join the university. The data collected and analyzed indicate that female students are enrolling more in advancement of studies in part time classes unlike some years ago where majority of the scholars were male, now the percentage is almost 50 -50 percent.

The study indicates that majority of the students are attracted with the curriculum being offered in the school that is market driven, students satisfaction is obtained from university that can satisfy the need of provision of modern facilities, private university with modern facilities had a greater enrollment rather than public university with a name, public university tend to attract students more with its reputation rather than the facilities it has. University services contribute significantly to the enrollment of the students to both public and private university.

5.3 Discussion on Perceived Service quality

Perceived service quality proved to be a significant factor in customer satisfaction in public and private university, which was explained by a leaner regression significant where (p-value = 0.000) at 0.05 level in explaining the linear relationship between perceived service quality and customer satisfaction. Competitive edge is then obtained as studied by. (Zeithaml, Bitner, & Glemler, 2009)

Concentrating on the customers essential principal of service quality and customers receiving services from institutions of higher education .services being offered in institutions of higher

learning are contributing significantly to students enrollment to universities, which benefits apart from the students other beneficiaries like employees, the government and the public sector andwider community (Martensen, Et al. 2000).

Perceived service quality tends to attract more students and institutions are advised to enhance and better the service quality to be able to meet enrollment targets.

Students also tend to choose institutions according to the faculty and curriculums being taught by universities should be encouraged to employ lecturers who are qualified for the areas students enroll to study.

5.4 Perceive Price on Customer Satisfaction

The study indicates that there is significant effect on perceived price on students satisfaction , students before enrollment finds out if the amount charged and the services provided will be able to match, Perceived value is the advantage customers receive in relation to the sum total of the price charged and paid in addition to the cost associated with the buying or purchase (Parasuraman Ramseook-Munhurrun, 1991). Part time students who basically pay their own fee would want to enroll to an institution where they receive value from the payment they make. Students who achieve satisfaction are willing to refer other students and come back to the institution for further studies and hence increase referral and enrolment targets (Zeithaml, 1988). Private universities gets higher enrolments attracted by modern facilities, Universities and all other institutional providing service other than education are expected to provide excellent services and others facilities that would make learning conducive in this modern and competitive market. Well fitted labs, use of projectors in class, speedy feedbacks from students' queries (Malik, Hassan, & Iqbal, 2012).

5.5 Difference on the effect of perceived value on customers between public and private university.

This last objective was trying to find out if there is a difference of perceived value on public and private university, the study confirms that there is difference whereby private university are more satisfied with service value in their institutions 85% of the sample agreeing to be receiving better service value compared to public which has 75% seem to be satisfied. This proved that service value is more emphasized in public and is being achieved more than public universities. Service value in public university is construct that is worth of increased consideration to improve image and the reputation that it is known for (Cronin et al. (1997), this includes services to provide needs of the students.

Private institution leading in provision of modern facilities like use of projectors , high quality assignment stiff completion in earning enrollment numbers, equipped libraries, friendly services to clients and teacher student ration makes the satisfaction received in private university be more than public university. Former CHE had also a closer eye on private universities that made them to provide quality service value to the students.

5.6 Conclusion

In conclusion the study has proven that perceived value affects customer satisfaction in both private and public university equally, this clearly indicated that universalities must concentrate in bridging the gap of perceived value and customer satisfaction, the customer to be able to survive the stiff competition of enrollment of student.

5.6 Recommendation

The study indicated that perceived value in public universities are not as effective as expected, that I recommend a study to be done to find out why.

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APPENDICES

APPENDIX 1

Letter of Introduction

January 29, 2019

KCA University

Dear respondent

REF: EFFECT OF PERCEIVED VALUE ON CUSTOMER SATISFACTION:

A COMPARATIVE STUDY OF PUBLIC AND PRIVATE UNIVERSITY STUDENTS

My name is Vivian Arango and a graduate student at KCA University. I am undertaking a research project examining the effects of perceived service quality and perceived price on the customer.

The questionnaire will require approximately five minutes of your time to complete. This is an academic research and information provided will be used for academic purpose only. There will be no reference to your name and strict ethical principles will be observed to ensure confidentiality.

QUESTIONNAIRE

Section A: Background Information

Please tick as appropriate

1. Mode of study
   Full time [____]   Part time [____]   weekend [____]

2. Gender
   [____] Male   [____] Female

3. Your University of study?
   [____] KCA University   [____] University of Nairobi

4. How you came to know of KCA/UON?
   Friend [____]   Media [____]   Parents [____]   sponsor [____]

5. What attracted you to KCA /UON
   [____] cilities

   [____] The fees charged

   [____] The curriculum

   [____] The geographical location

6. Apart from education what other reasons would you prefer one university to the other?
   [____] Availability of modern facilities

   [____] Affordable tuition fees

   [____] Influence from friends and relatives

   [____] Reputation of the university

7. How many times do you visit an office before you receive the promised on spot services?
   Once [____]   Twice [____]   Thrice [____]   Several [____]

8. To what percentage does the fee charged match the value you expected?
   [____] Below 20%   [____] 40%   [____] 60%   [____] 100%

SECTION B: MEASURES OF PERCEIVED SERVICE QUALITY

Please tick (√) to indicate the extent to which you agree or disagree with the following statements on the functional service quality of the university. Use the scale:

Note: 1= Not at all (NAA)   2 = Small extent (SE) 3 = Moderate extent (ME)

4 = Large extent (LE)   5 = Very large extent (VLE)

	PERCEIVED SERVICE QUALITY	NAA	SE	ME	LE	VLE
1	The university provides services as promised					
2	The university is dependable in handling my service problems					
3	The university performs services right the first time					
4	My lecturers come to class at the promised time					
5	My academic results have no errors					
6	The university registrar's office maintains error free records					
7	Our examinations start at the right time					
8	Our examination results are published at the right time					
9	The university communicates effectively of any developments					
10	The support staff are always willing to help me					
11	The support staff are always courteous					
12	I believe the university gives quality education					
13	The conduct of my lecturers instill confidence in me					
14	The lecturers have respect for my opinion					
15	The front office staff have knowledge to answer my questions					
16	My lecturers evaluate me correctly					
17	My lecturers are approachable and willing to help me					
18	My lecturers display competence in teaching					
19	My lecturers have experience in academic research					
20	My lecturers are available for consultation outside class time					
21	The university operation time are convenient to me					
22	The lecturers use modern equipment's in class (LCD)					
23	The academic environment is conducive for learning					
24	The university has attractive and conducive lecture halls					
25	The employees have a neat and professional appearance					
26	The university has a neat and well stocked library facility					

27	The university has sufficient computer labs					
28	The website of my university is informative					
29	The course content is taught as outlined in the curriculum					
30	The lecturers use effective teaching methods					
31	The lecturers facilitate depth of subject discussion in class					
32	The examinations is within the course content taught					
33	The curriculum prepares me adequately for the market					
34	The process followed to get admission to the university is clear					
35	The process followed to register as a student is adequate					
36	The process of making payment to the university is convenient					
37	The new student orientation process is informative					
38	The course content is taught as outlined in the curriculum					

SECTION C: MEASURES OF PERCEIVED PRICE

	PERCEIVED PRICE	NAA	SE	ME	LE	VLE
39	The fee I pay is reasonable					
40	The service I get are equal to the fee I pay					
41	I have access to good facilities despite the fee paid					
42	The lectures give good service compared to fee paid					
43	Accommodation facilities are good relative to fee paid					
44	Lecture are good relative to fee paid					
45	Good computer labs compared to fee paid					
46	Good medical facilities compared to fee paid					

SECTION D: MEASURES OF PERCEIVED VALUE ON CUSTOMER SATISFACTION

	CUSTOMER SATISFACTION	NAA	SE	ME	LE	VLE
1	I have experienced a positive relation with the university					
2	My experience with the teaching staff was excellent					
3	I am satisfied with the service quality of the administration staff.					
4	I am willing to come back for further studies in this university.					
5	I am willing to recommend this university to someone else.					
6	I have received value for the fees paid to this university					
7	The promise made by university is realistic					
8	Overall, I am satisfied by this university					

APPENDIX 2
Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.848	36.442	36.442	13.848	36.442	36.442
2	1.922	5.058	41.5	1.922	5.058	41.5
3	1.473	3.877	45.377	1.473	3.877	45.377
4	1.434	3.774	49.151	1.434	3.774	49.151
5	1.192	3.138	52.289	1.192	3.138	52.289
6	1.136	2.99	55.279	1.136	2.99	55.279
7	1.072	2.82	58.099	1.072	2.82	58.099
8	1.025	2.697	60.796	1.025	2.697	60.796
9	0.978	2.575	63.371			
10	0.889	2.34	65.711			
11	0.801	2.107	67.818			
12	0.763	2.007	69.825			
13	0.734	1.932	71.757			
14	0.69	1.815	73.572			
15	0.669	1.76	75.332			
16	0.636	1.673	77.005			
17	0.609	1.602	78.607			
18	0.582	1.531	80.138			
19	0.55	1.446	81.585			
20	0.523	1.376	82.961			
21	0.505	1.329	84.29			
22	0.482	1.269	85.558			
23	0.478	1.257	86.816			
24	0.449	1.181	87.997			
25	0.443	1.167	89.164			
26	0.423	1.112	90.276			
27	0.404	1.063	91.339			
28	0.39	1.025	92.365			
29	0.37	0.973	93.338			
30	0.341	0.898	94.235			
31	0.329	0.867	95.102			
32	0.305	0.804	95.906			
33	0.299	0.787	96.692			
34	0.284	0.749	97.441			
35	0.254	0.667	98.108			
36	0.246	0.647	98.755			
37	0.245	0.646	99.4			
38	0.228	0.6	100			

Extraction Method: Principal Component Analysis.

Normality Test of Perceived Service Quality

Perceived Service Quality Stem-and-Leaf Plot

 Frequency   Stem & Leaf

   3.00 Extremes   (=<1.6)
   3.00   1 . 667
   4.00   1 . 8889
  10.00   2 . 0011111111
  19.00   2 . 2222222222333333333
  12.00   2 . 444444445555
  19.00   2 . 6666666667777777777
  35.00   2 . 88888888888888888888889999999999999
  50.00   3 . 00000000000000000000000000001111111111111111111111
  44.00   3 . 22222222222222222222222233333333333333333333
  39.00   3 . 444444444444444555555555555555555555555
  42.00   3 . 666666666666666666666777777777777777777777
  40.00   3 . 8888888888888888888888899999999999999999
  23.00   4 . 00000000000000000111111
  14.00   4 . 22222222333333
  10.00   4 . 4444445555
   1.00   4 . 8

Stem width: 1.00
Each leaf: 1 case(s)

APPENDIX 3B

Normality Test of Perceived Price

Perceived Price Stem-and-Leaf Plot

Frequency   Stem & Leaf

```
  14.00      1 . 00000000001111
   2.00      1 . 22
  17.00      1 . 44444455555555555
   8.00      1 . 77777777
  11.00      1 . 88888888888
  21.00      2 . 000000000001111111111
  15.00      2 . 222222222222222
  37.00      2 . 4444444444444444444455555555555555555
  30.00      2 . 777777777777777777777777777777
  26.00      2 . 88888888888888888888888888
  56.00      3 . 00000000000000000000000000000000001111111111111111111111
  25.00      3 . 2222222222222222222222222
  46.00      3 . 4444444444444444444444445555555555555555555555
  17.00      3 . 77777777777777777
  14.00      3 . 88888888888888
  10.00      4 . 0000001111
   2.00      4 . 22
  10.00      4 . 4444455555
   3.00      4 . 777
   2.00      4 . 88
   1.00 Extremes    (>=5.0)
```

Stem width: 1.00
Each leaf: 1 case(s)

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APPENDIX 3C

Normality Test of Customer Satisfaction

Histogram

Dependent Variable: Customer Satisfaction

Mean = -1.81E-15
Std. Dev. = 0.997
N = 367
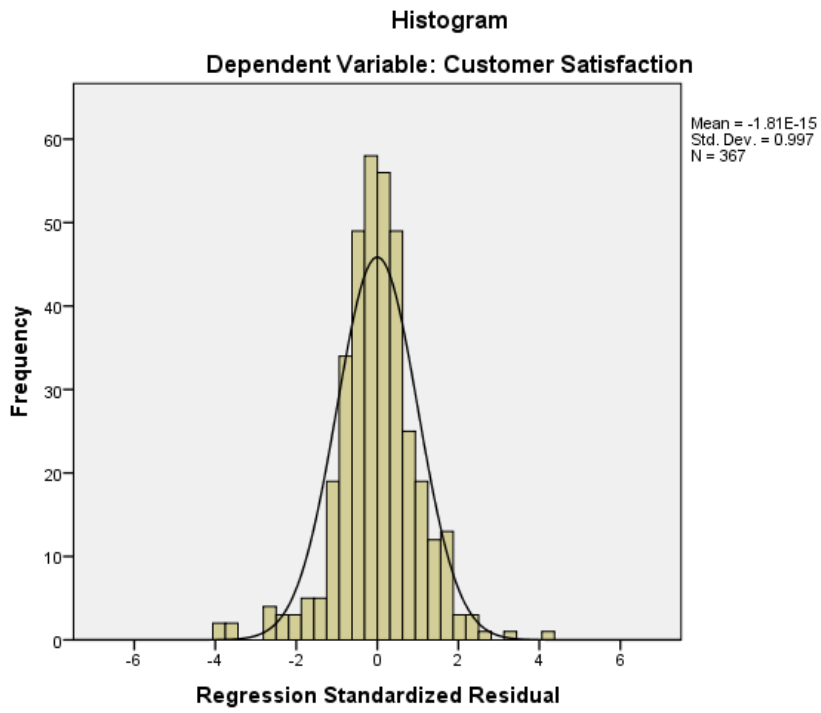
APPENDIX 4

Correlations Between Perceived Service quality and Perceived Price

		Perceived Service Quality	Perceived Price
Perceived Service Quality	Pearson Correlation	1	.409**
	Sig. (2-tailed)		.000
	N	368	367
Perceived Price	Pearson Correlation	.409**	1
	Sig. (2-tailed)	.000	
	N	367	367

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