Parents’ Perceived Service Quality, Satisfaction and Trust of a Childcare Centre: Implication on Loyalty

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The aim of this study is to investigate the impact of parent’s perceived service quality on satisfaction and trust. It also explores the relationship between satisfaction, trust and loyalty in a childcare centre. Perceived service quality in a childcare centre has received increasing attention by researchers during the past decade. Research evidence has revealed that perceived service quality has an influence on satisfaction and trust. The data for this research were collected from 201 respondents in Kuala Lumpur and Selangor via survey technique. A comprehensive conceptual model was developed and tested by structural equation modeling using AMOS program. The findings unveil that perceived service quality is positively related to parent satisfaction and trust. In turn, parent’s satisfaction is the most influential determinant of trust. Furthermore this paper delineates several interesting findings that, trust holds a pre-eminent role in the formation of parent’s loyalty towards the childcare centre. However, parent’s satisfaction has no direct impact on loyalty. Implications of the findings, potential limitations of the study and directions for future research are suggested.

Field of Research: Service quality, satisfaction, trust, loyalty and childcare

1. Introduction

Day care or childcare are terms used to describe the care of a child during the day by a person other than the child’s parents or legal guardians, typically

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someone outside the child’s immediate family. Everywhere in the world, reports have shown the increase in the growth of childcare services. It is reported by Doherty, Forer, Lero, Goelman and LaGrange (2006), a substantial proportion of children in both United States and Canada receive care in childcare centres. The high level of participation into childcare centres as observed over the period between 1990 through 1998 is attributed to the increasing awareness that early childhood centres are today regarded as cradles of development to nurture young human being to become useful citizens (Tee and Richardson, 2007). As more parents become increasingly affluent, the need to equip their children with skills to cope with the future also increases.

As Malaysia gears herself towards achieving the goals of a developed nation, much more emphasis is now given to early childhood education where the enrolment of children in childcare centres and the number of centres are on the rise (Ministry of Women, Family and Community Development, 2007). In Malaysia, one of the reasons that lead to the growth in childcare is due to the increasing rate of maternal labor force participation. A recent study across Hong Kong, Singapore, Taipei, Bangkok, Manila, Jakarta and Kuala Lumpur discovered that female professionals represent the fastest growing segment of Asian ‘elite’ (i.e. people over 25, and currently employed in senior positions in business, government and education) (Bhosale and Gupta, 2006). Besides that, the increased demand by parents for early education and care programs for their young children are also growing (Tee and Richardson, 2007). Many researchers have proven that the care that children receive when they are young has powerful effects on their survival, growth and development (Doherty et al., 2006; Iram and Butt, 2004; Liu, Yeung and Farmer, 2001). According to Iram and Butt (2004) brain development is heavily impacted by early environment factors, which can promote or hinder learning skills from adolescence through to adulthood. Because of the strong indication that children’s development is influenced by their childcare experience, most families are becoming more selective when it comes to childcare.

Despite the growing demand for childcare services and their critical role in development of children, childcare service providers have lagged far behind compared to most other service firms in applying marketing-oriented approaches to their businesses (Barnes and Adamczyk, 1993; Rivera, 2001). Thus, the delivery and quality of this important consumer service has implications not only for direct customers of this service such as parents but also for users of the service (i.e., children) as well as the society as a whole. Moreover, it is also mentioned by Keiningham, Aksoy, Andreassen and Estrin (2006), that there is no research that has examined the relationship between parent satisfaction and retention of their children with a childcare provider.
The purpose of this research is twofold. The first is to examine the effects of parents’ perceived service quality on parents’ satisfaction and trust. The second is to examine the impact of parents’ satisfaction and trust on loyalty in childcare service. Or in other words, the research questions of this study are:

1. How does perceived service quality influence parent’s satisfaction and trust towards a childcare centre?
2. What is the relationship between satisfaction and trust in childcare centre?
3. How does satisfaction and trust affect loyalty towards a childcare centre?

In this study, literature regarding service quality, satisfaction, trust and loyalty is reviewed, several related hypotheses are presented, and results of empirical research are discussed. Implications for researchers are also provided as well as future research directions.

2. Literature Review

2.1. Perceived Service Quality

The unique challenges faced most service consumers are often explored in terms of the unique nature of services. However, within the service domain itself, there are a number of inherent differences between specific service types, and the consumer’s experience can vary according to the extent to which they actively participate in the consumption of the service (Hirschman, 1987). In case of childcare, the parent is the payer of the service, but, it is largely the child that uses the service. The decisions of parents regarding childcare are important, and not only does the problem of intangibility appear to increase the risk of pre-purchase evaluation but also post-purchase evaluation is difficult due to the parent being separated from the actual core service delivery or consumption experience. Hence, according to Grace and O’Cass (2003) due to the unique nature of childcare services, there appears to be critical differences between service delivery sought and the delivered in reality. Based on the work by Bloemer et al. (1999), service quality is often conceptualized as the comparison of service expectation with actual performance perceptions. However, Brady and Cronin (2001) developed some new thought on conceptualizing perceived service quality where the hierarchical and multi-level conceptualization of the service quality model was adopted as the overall perception of service.

Many studies have identified a significant relationship between service quality and customer satisfaction (e.g. Cronin, Brady and Hult, 2000; Omar, 2008); as well as trust (de Ruyter, Moorman and Lemmink, 2001). Some researchers believe that delivery of high quality services is necessary for developing and nurturing trust (Hennig-Thurau and Klee, 1997).
2.2. Satisfaction

Satisfaction has been considered as a central concept in the marketing literature (Erevelles and Leavitt, 1992; Oliver, 1997). It is generally accepted that consumer satisfaction is the most efficient and least expensive source of market communication because consumers who are satisfied with a product or service will be more likely to disseminate their favorable experience to others. On the other hand, if they are dissatisfied, they will spread unfavorable appraisal of the product or service they encountered (Dubroski, 2001). Oliver and Swan (1989) defined satisfaction as a total psychological state when there is an existed discrepancy between the emerging emotion and expectation, and such an expectation is a consumers’ feeling anticipated and accumulated from their previous purchases.

As satisfaction arises from meeting or exceeding the expectations of the customer, satisfaction over time strengthens the reliability of the service provider and cultivates trust (Ganesan, 1994; Tax, Brown and Chandrashekaran, 1998). Previous researchers such as Dwyer, Schurr and Oh (1987) and Geyskens, Steenkamp and Kumar (1999), found that trust is dependent on the degree of consumer satisfaction. Moreover, some believe that loyalty would increase marginally over moderate to high levels on satisfaction continuum and then increases considerably at higher level of satisfaction (Mittal, Ross and Baldasare, 1998; Mittal and Kamakura, 2001).

2.3. Trust

Trust is a prerequisite in service marketing for maintaining the relationship between customers and service providers because customers often have to make a purchase decision before they actually experience the service (Berry and Parasuraman, 1991). Few researchers suggested, trust is built when customers have confidence in a service provider's reliability and integrity (Morgan and Hunt, 1994; Wong and Sohal, 2002). Although some researchers claim that trustworthiness is a necessary and sufficient condition for trust to exist (e.g., Anderson and Narus, 1990), several other scholars such as Moorman, Deshpande and Zaltman (1993) combine both aspects into one definition of trust. For example, Moorman, Deshpande and Zaltman (1993) define trust as “a willingness to rely on an exchange partner in whom one has confidence” (p.82). In addition, most researchers agreed that trusting beliefs directly influenced loyalty (Chiou, 2004; Chaudhuri and Holbrook, 2001). Similarly, Jarvenpaa, Tractinsky and Vitale (2000) pointed out that trust is a critical factor in stimulating purchase.
2.4. Loyalty

In the business context, loyalty has been used to describe a customer’s willingness to continue patronizing a firm over the long term, and recommending the firm’s products and services to friends and associates (Lovelock and Wirtz 2004). Jones and Sasser (1995) pointed out that customer loyalty is the customer repeat-purchase intention to some specific product or service in the future. According to Keiningham, Perkins-Munn, and Evans (2003) the foundation for true loyalty lies in customer satisfaction. Highly satisfied or even delighted customers are more likely to become loyal advocate of a firm, consolidate their buying with one supplier, and spread positive word of mouth. In contrast, dissatisfaction drives customers away and is a key factor in switching behavior.

3. Research Methodology

The population under study, which became the unit of analysis for this study, are parents or guardians who send their children to any childcare centres that are located around Kuala Lumpur and Selangor. They had to have used the childcare at least a year. In operational terms, the respondents have been selected purposively. The measurements of the independent variables as well as the dependent variables incorporated within the context of this study were adapted from existing scales. Table 1 below indicates the sources that were used as input in order to generate the items for measuring constructs in this study. All constructs were measured using multiple-item scales.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Number of Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>4</td>
<td>Crosby and Stephens (1987); Oliver and Swan (1989)</td>
</tr>
<tr>
<td>Trust</td>
<td>5</td>
<td>De Wulf (1999); Morgan and Hunt (1994)</td>
</tr>
<tr>
<td>Loyalty</td>
<td>5</td>
<td>Yoon and Kim (2000); Zeithaml, Berry and Parasuraman (1996)</td>
</tr>
</tbody>
</table>

The survey instrument was distributed to respondents that met the conditions set. The research objectives as well as the criteria of the respondents were explicitly explained to the staffs. Those childcare centres who agreed to participate were then provided with copies of the questionnaire and asked to distribute them to customers of their respective childcare centres. A total of 254 questionnaires were distributed at ten childcare centres. A total of 223
responses were returned. Twenty two responses were discarded because of incomplete data leading to a total sample of 201.

4. Data Analysis

4.1. Characteristics of the Sample

The average age of the respondents in the sample in this study was between 30-39 years and 52.2% per cent were female. The major ethnic groups of respondents were Malays (73%). In terms of the background information, more than half of the respondents (63.2%) sent 2-3 of their children to childcare centre. A vast majority of the respondents, 189 parents/guardians or 94% of the respondents had reported that they have sent their children to childcare centre everyday but not weekend. With regard to the amount of money parents’ spend for childcare centre in a month, it is indicated that a vast majority of the respondents, 56 parents/guardians or 27.9% of the respondents reported that they have spent within a range of MYR400 to MYR499 in a month for childcare centre. The second significant amount of money spend is MYR200 to MYR299, which represent 24.4% of the respondents.

4.2. Results

The measures utilized in this study initially were purified via item-to-total correlation and exploratory factor analyses using varimax rotation. Item which loads 0.50 or greater on one factor and did not have cross-loadings greater than 0.30 on other factors were accepted for further analysis (Rentz, Shepherd, Tashchian, Dabholkar and Ladd, 2002). The pool of items was further refined using confirmatory factor analysis (via AMOS 7 and the maximum likelihood estimation technique). Table 2 presents the correlation matrix, descriptive statistics, Cronbach’s alpha reliability coefficients, composite reliability, square multiple correlations (R²) and average variance extracted (AVE) for the measures. The Cronbach’s alpha reliability coefficients were above 0.7, which concur with Nunnally’s (1978) minimum suggestion level of 0.7. In addition, the correlation index among factors are low and moderate, this implies that discriminant validity is attained (Churchill, 1995).

As a rigorous test of discriminant validity (see Fornell and Larcker, 1981), the average variance extracted (AVE) for each construct was computed and found to be greater than the square correlation between the construct. Hence, all the measures possess adequate psychometric properties. Structural equation modeling was utilized to test the 5 hypothesized relationships. Accordingly, the assessment of the model fit in this paper was based on multiple criteria; the normed $\chi^2$ or $\chi^2/df$ ratio, the Root Mean Square Error of Approximation (RMSEA), the Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), Normed Fit Index (NFI), Incremental Fit Index (IFI), and the Relative Fit Index (RFI) (Hair, Anderson, Tatham and Black, 1998).
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Table 3 shows the acceptable fit criteria and the model fit indices values. All of the statistical values of the final measurement model indicated that the model fitted well in representing the data. The results for the hypothesized structural paths are reported in Table 4.

Table 2: Constructs Assessment

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>SD</th>
<th>α</th>
<th>Composite Reliability</th>
<th>R²</th>
<th>Sev Qty</th>
<th>Satisfac</th>
<th>Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfac</td>
<td>3.60</td>
<td>0.54</td>
<td>.826</td>
<td>0.925</td>
<td>0.585</td>
<td>0.675**</td>
<td>0.810</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>3.46</td>
<td>0.62</td>
<td>.757</td>
<td>0.868</td>
<td>0.414</td>
<td>0.329**</td>
<td>0.457**</td>
<td>0.519**</td>
</tr>
</tbody>
</table>

Note: Correlation is significant at the 0.01 level (2-tailed), Correlation is significant at the 0.05 level (2-tailed)

α = Cronbach’s alpha  SD= Standard Deviation  AVE is represented on the diagonal
b= These mean figures are based on each summated scale score divided by the number of items in each scale, for ease of interpretation.

Table 3: Goodness of Fit Indices for Model

<table>
<thead>
<tr>
<th>Goodness of fit indices</th>
<th>Fit Criteria</th>
<th>Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>χ²</td>
<td>80.1</td>
<td></td>
</tr>
<tr>
<td>df</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>χ² /df</td>
<td>3</td>
<td>2.11</td>
</tr>
<tr>
<td>RMSEA</td>
<td>.08</td>
<td>.07</td>
</tr>
<tr>
<td>CFI</td>
<td>.90</td>
<td>.965</td>
</tr>
<tr>
<td>TLI</td>
<td>.90</td>
<td>.949</td>
</tr>
<tr>
<td>NFI</td>
<td>.90</td>
<td>.936</td>
</tr>
<tr>
<td>IFI</td>
<td>.90</td>
<td>.965</td>
</tr>
<tr>
<td>RFI</td>
<td>.90</td>
<td>.907</td>
</tr>
</tbody>
</table>
Table 4: Results of the Hypotheses Tested

<table>
<thead>
<tr>
<th>Hypothesized Path</th>
<th>Standardized Coefficient (t-value)</th>
<th>Critical Ratio</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Service quality – Satisfaction</td>
<td>.765</td>
<td>7.942****</td>
<td>Supported</td>
</tr>
<tr>
<td>H2 Service quality – Trust</td>
<td>.183</td>
<td>1.800*</td>
<td>Supported</td>
</tr>
<tr>
<td>H3 Satisfaction – Trust</td>
<td>.600</td>
<td>4.917****</td>
<td>Supported</td>
</tr>
<tr>
<td>H4 Satisfaction – Loyalty</td>
<td>.173</td>
<td>1.359**</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H5 Trust - Loyalty</td>
<td>.510</td>
<td>3.771****</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: **** Significant at p< 0.001 (t> ± 3.29)    * Significant at p< 0.10 (t> ± 1.65)
*** Significant at p< 0.01 (t> ± 2.57)    ** Significant at p< 0.05 (t> ± 1.96)    a Non-significant

Table 4 and Figure 1, describes the summarized results of the structural model with regard to the standardized estimates, critical ratio and significance level. The estimation of the hypothesized structural model demonstrated that four of the hypothesized links (H1, H2, H3 and H5) were significant while one (H4) was non-significant.
5. Discussions

The discussion of the research questions and hypotheses illuminates several key findings of this study to the marketing theory and childcare service industry. The results of the present study demonstrate that perceived service quality is the most important determinant of satisfaction. Service quality has become a well-studied construct in marketing as well as service marketing, given its importance and established relationship with satisfaction (Sivadas and Baker-Prewitt, 2000). Generally, service quality seems to be a relatively stable and powerful predictor of customers' satisfaction (Anderson and Fornell, 1994; Athanassopoulos, 2000; Cronin and Taylor, 1992). Accordingly, these results confirm previous research which suggested that perceived service quality is the key predictor of satisfaction (Anderson and Sullivan, 1993; Spreng and Mackoy, 1996) and trust (Andreas and Simon, 2007; Herington and Weaven, 2007).

Next, satisfaction is the most influential predictor of trust with the childcare centre. Essentially, in creating parent's trust towards childcare centre, service providers need to satisfy parents. The findings of this study indicate that satisfaction as more important predictor of trust than perceived service quality. These findings concur with Flavian, Guinaliu and Gurrea (2006); and Selnes (1998) who suggest that satisfaction that meets expectations over time increases the perceived reliability of the firm and thus develops trust. Thus, overall customer satisfaction is significantly and positively related to trust.

The anchor of this study lies on the final research question on how does satisfaction and trust affect loyalty towards a childcare centre. The results of the analyses imply that trust made a statistically significant contribution to loyalty. However, satisfaction is not significantly related to loyalty. With the support of H5, we have established that when parent's trust towards the childcare increases, loyalty toward the childcare will also increase. On the other hand, parents' satisfaction toward the childcare does not exert any influence on loyalty. This implies that trust is essential in influencing loyalty in the childcare context, and further demonstrates the significance of behavioral attachment towards the childcare centre. Basically, the present study concurs with the recent findings of previous studies by Omar and Musa (2008) that there was no evidence found to support the relationship between program satisfaction and store loyalty among Malaysian loyalty program card holders. In fact, few researchers like Bloemer and Kasper (1995) noted that satisfaction is a necessary prerequisite for loyalty but it is not sufficient on its own to lead to repeat purchase and brand loyalty.
6. Implications

This study provides empirical evidence which may increase the understanding of how various factors such as perceived service quality, satisfaction and trust relate to loyalty within a childcare context. Interestingly, the research findings confirmed that perceived service quality has a positive significant impact on both satisfaction and trust. With regard to the strength of the relationship, perceived service quality is the most influential predictor of satisfaction. In focusing on factors influencing parent’s trust towards the childcare, this study finds that parent’s satisfaction has the strongest influence on trust. This finding was supported by previous study such as Flavian, Guinaliu and Gurrea (2006) who noted that trust should be greater when the satisfaction that the business or product gives the consumer is greater. It is worthwhile to highlight that in this study satisfaction and trust were incorporated in the model as the determinants of parent’s loyalty towards the childcare. The results elucidate that trust as the sole determinant of loyalty. Clearly, this findings leads support to the notion that relationship characterized by trust consistently produce loyalty and positive outcomes.

Unexpectedly, there was no evidence found to support the path between satisfaction and loyalty. This findings is a marked deviation from Oliver (1999) and Bitner (1990) suggestions that satisfaction as sufficient antecedent for loyalty. This result indicate that in order to achieve loyalty, it was not enough for parents to feel satisfied with the childcare, but they need more than satisfaction such as trust towards the childcare centre. In brief, these findings imply that childcare service providers should explore ways to increase parents’ trust towards the childcare as a way of getting their loyalty. Hence, this study provides understanding on the essential causal relationship for explaining how to build and maintain parent’s loyalty towards childcare centre and what factors underlying parent’s loyalty.

7. Limitations

Despite the interesting findings and implications that arise from this study, it is vital to view the results in light of certain limitations. The major limitation of this study revolves around sampling issues as the study has relied primarily on sample drawn specifically from a limited geographical area in Malaysia. Hence, the findings may not represent the entire childcare centres in Malaysia. In addition, this study employed a cross-sectional design whereby all the constructs included in the hypothesized model were assessed at a single point of time. Therefore no definite conclusion can be drawn concerning the causality of relationships among constructs (De Wulf, 1999). It is generally recognized that longitudinal studies and experiments provide stronger inferences for causality. Hence, this study should become a precedent as well as a precursor to both longitudinal studies and case studies in the future.
References


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