SERVICE QUALITY AND CUSTOMER SATISFACTION IN KENYA'S AVIATION INDUSTRY

BY

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DECLARATION

I, the undersigned, declare that this project is my original work and has not been presented to any institution or university other than the University of Nairobi for examination.

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DEDICATION

This project is a special dedication to my mother Philister Omollo, who all along have offered me support and encouragement to pursue this course, otherwise it would have been difficult to complete this course.

ACKNOWLEDGEMENT

I must first and foremost appreciate the professional guidance and support offered by my supervisors, Mrs. Zipporah Kiruthu, and Dr. X.N. Iraki. They were available whenever needed and dedicated their time to offer guidance which was very helpful.

My thanks to all my friends and colleagues whom we pursued this course together.

May God Bless you all.

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ABSTRACT

The main purpose of this study was to investigate the relationship between service quality and customer satisfaction in the aviation industry in Kenya. There were three specific objectives: to determine customer perceived service quality in the Aviation industry; to determine factors influencing customer satisfaction in the aviation industry and to examine the relationship between perceived service quality and customer satisfaction. The study took a descriptive research design where all the 44 airlines operating in Kenya were taken as the population of the study. The sample size included 100 respondents drawn from among the customers of the airlines. The study established that there are a number of issues which influence customer satisfaction in the aviation industry in Kenya. These factors include: adherence to flight schedule, capability of delivering what is promised, the type of aircrafts owned by the airline, appearance of staff uniform, confidence in employees behaviors, problem solving interest for complaints and requests, safety record of the airline, promptness of service, employees competence in answering customers' questions, visual ability of flight materials associated with the service, willingness to help customers, consistency of service, convenience of working hours, respectfulness of employees to customers, employees readiness to answer to customer requests among others. On service quality perception it was evident that customers perceived quality when: the airline's uniform appears attractive, there's always some help no matter what is the problem, the good safety record of the airline, the airlines services are prompt, employees are competent in addressing customers' queries, the airlines flight materials are visually appealing and when the airlines employees are willing to help passengers. It was further established that there exists a high connection between service quality offered and customer satisfaction in the aviation industry in Kenya.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The concept of service quality has since emerged as a strategic issue that management cannot avoid in its agenda. That's the reason why experts and scholars have a keen interest in trying to come up with an accurate measure of service quality, in order to better understand the its vital components. The aim therefore, is geared towards coming up with methods that will improve on quality, thereby achieving competitive advantage and building customer loyalty. The overriding aim of the organizations providing services is to obtain and retain customers (Krasfka and Elexa, 2014) therefore attention has been focused to ensuring that the customer is satisfied.

The globalized competition, soaked markets and growth in information technology, have improved customers understanding of different products and formed a scenario whereby future success of businesses will no longer depend on optimizing the price of products and qualities. Instead, firms are now opting to build on customer relationship for their long-term success. Previous studies show that; it can costs up to six times more effort to win a new customer than it does to maintain the current customer. Given a particular industry, it has been observed that it's possible to improve income by up to 60% by reducing potential migration subsequently by 5%. Hence, the growth and maintenance of loyal customers is a key factor for future success of the companies (Dawes, 2013). The demand for airline services has been growing and this has provided opportunities that needs to be capitalized, as well as challenges that should be overcome by business entities in the industry.

In aviation industry, the concept of service quality plays an important role in influencing customer satisfaction. This is because different people have different needs and wants in terms of what they expect in the course of their engagement with the service provider. The rapid growth in aviation industry is considered as a center of globalization for other industries due to the role it plays in supporting world trade, international investment, and tourism. This means that companies which traditionally operated their businesses locally must shape up their paradigm to new global developments, competition and the ever changing customer beliefs (Manani, 2012). The governments around the world have also

been prompted to deregulate the aviation sector by enabling firms to form private airlines, and introduce stringent rules on flight safety which is currently being applied in almost all countries (Asia Tourism Forum Conference May, 2012).

Because of growing demand, both the production and service industry have adopted customer focus as a long run for sustained competitive advantage (Porter and Kramer, 2011). The aviation industry in Kenya is currently contributing 1.1% of the national GDP (Kenya Association of Travel Agent, 2016).

The need to remain competitive has been geared towards making the customer satisfied and therefore the role that service quality plays must be addressed. Some airlines have had challenges in trying to curb the growing cost of its operations, for example Kenya Airways, which has increased its fleet numbers locally since the customer numbers for air travel has grown and therefore the need to attract and retain customers.

1.1.1 Service Quality

Service quality relates to the context being considered and it aims at meeting the needs and wants of the customer and how well that service match their expectations (Namukasa, 2013). Service quality has been defined quality as conformance to requirements (Crosby, 1979). Lewis and Booms (1983), referred to service quality as meeting the requirements to customer expectations regularly. Parasuraman et al (1985) defined service quality as the degree and direction of discrepancy between consumer's perceptions and expectations in terms of different but relatively important dimensions of the service quality, which can affect their future buying behavior.

Service quality is therefore an important aspect that affects the competitiveness of a business. The aviation industry should strive to increase the quality of service constantly since there is no assurance that the current outstanding service is also suitable for future. Consequently, the industry should "develop new strategy" to satisfy their customer and should provide quality service to distinguish themselves from rivalries (Siddiqi, 2011).

Quality appraisals derive from the service process as well as the service product. As stated by (Gronroos, 1982) service quality can be classified into two namely technical and

functional quality. Technical quality defines what the customer receives from the service (outcome) while functional quality is the way the service is delivered (process). Models to measure service quality have also been developed for example, the Nordic model developed by Gronroos (1984), SERVQUAL model developed by Parasuraman et al (1985), Multilevel model by Dabholkar et al (1996) and Hierarchical model developed by Brady and Cronin (2001).

For example, Markovic and Jankovic (2013) used SERVQUAL model which comprises 22 objects to measure the five service quality dimensions of assurance, reliability, tangibles, empathy and responsiveness, to explore the link between service quality concepts and customer satisfaction. The relationship was observed in different service settings and in different nations. The relationship was examined and found to be positive, which signifies that higher service quality will probably increase the level of customer satisfaction. It is therefore, important to assess service quality aspects and the extent they influence customer satisfaction in the Kenyan context.

Parasuraman et. al (1985) identified ten service quality determinants which can be used as a criteria for evaluating service quality as given in Table 1.1 below.

Table 1.1 Ten determinants of service quality

Determinants	Description
Security	Risk free, undoubted and freedom from
Courtesy	Being polite, respectful, considerate friendliness among employees
Competence	Having the necessary knowledge and skill to do the service
Access	Easily contacted and approachable
Understanding	Taking the extra mile to understand the needs of the customer
Reliability	Uniformity of performance and dependability
Responsiveness	Willingness of employees to provide service e.g. timeliness
Credibility	Trustworthiness, believability, honesty
Tangibles	Facilities available to offer the services (tools & equipment's)
Communication	Listening and using a language understandable to the customers

Source: Adapted from Parasuraman, Zeithaml, and Berry (1985)

1.1.2 Customer Satisfaction

Customer satisfaction is an individual's sense of pleasure or displeasure that arises from matching the perceived performance or outcome with the expectation, Lovelock (2004). Lovelock and Wirtz (2007), refers to customer satisfaction as a customer's after-purchase assessment and affective reaction to the whole product or service experience. Satisfaction levels are influenced by factors which are either subjective or objective. For example, factors such as customer needs and emotions are subjective, whereas product and service features are objective factors.

Customer satisfaction can be perceived as either cumulative or transactional. According to Wang and Lo (2002) transactional-specific view, is founded on a single, specific after-purchase evaluative judgement of a service encounter whereas cumulative perspective, is conceptualized as an overall customer evaluation of a product or service based on purchase and consumption experiences over a given period of time (Lovelock and Wirtz 2007). Cumulative satisfaction is considered to be more useful and reliable analytical tool since it's based on a chain of purchase and consumption experiences than transaction perspective which is built on a single purchase and consumption experience.

Measurement of customer satisfaction may be considered as a post-consumption assessment that the user gains on the products or services rendered (Kongoti, 2015). In the aviation industry, customers are the most important factors of the traveling process. This means that by understanding the customers' expectations, better services can be offered (Parasuraman, Berry & Zeithaml, 1991).

1.1.3 Service Quality and Customer Satisfaction

Service quality aspects and customer satisfaction are closely related but different concepts. Quality is a form of overall appraisal of a product, which can be compared to attitude in many respects. Quality depends on the customers' needs and wants since different customers have different preferences and taste. Perceived quality therefore forms the consumer's judgment regarding an entity's overall success. It gives the entity a competitive edge in the ordinary course of its operations. Perceived quality results from comparing the customer's expectations with how they perceive the service was delivered.

On the other hand, satisfaction may be considered as a summary psychological state which according to Oliver (1981) arises when the feelings surrounding disconfirmed expectations is combined with the consumer's prior experiences about their consumption experience. Therefore, satisfaction relates to a specific transaction and vary from one person to another and from one product to the other (Usman, 2014). If the product or service meets the needs of the customer, then the customer is deemed to be satisfied but if the minimum expectation is not met, then the customer is said to be dissatisfied (Zeithalm and Bitner, 2003)

Service companies have since recently focused on customers in order to improve competitiveness. For organizations to reach out to their customers for useful feedback, it is imperative that they measure service quality and the extent to which they influence customer satisfaction levels. This is important because they could ultimately form the basis for effective operational strategy. Customer satisfaction is measured during a specified period of time which also affects their satisfaction levels. It changes over time and from factor to factor since it is a dynamic process (Usman, 2014). In the aviation sector, passengers' satisfaction is the key to success if an entity wants to strive in competition. It is more profitable for airlines to sustain their current clienteles than having to get passengers to replace those have moved to other airline. Any profitable business rests its shoulders on good customer satisfaction levels. Passengers who are satisfied with an airlines service will be happy and improve business while dissatisfied passengers who are unhappy will ruin business (Anderson and Zemke, 1998)

Jun and Cai (2001) came up with 17 dimensions in terms of service quality for aviation sector that enhances customer satisfaction. They include responsiveness, competence, reliability, courtesy, collaboration, access, communication, credibility, understanding the customer, improvement, continuous content, ease of use, accuracy, timeliness, security, aesthetics and divers features. As Singh (2004) observes, aviation industry enjoys business benefits that accrue from customer satisfaction such as generation of additional revenue, marketing penetration and cost saving.

1.1.4 Aviation Industry

The aviation history in Kenya can be drawn as far back to the era soon after the World War II when colonial government in Kenya, Tanzania and Uganda and Zanzibar formed the East African Directorate of Civil Aviation (EADCA). The directorate was created to provide air navigation services as well as other technical services and regulations necessary for orderly development of civil aviation. In Kenya, the aviation sector is controlled by Kenya Civil Aviation Authority (KCAA), a state corporation which was formed in 2002 with the mandate of providing air navigation services. The Kenya civil aviation industry though relatively small, plays a leading role in the regional aviation activities which currently contributes 1.1% of the national GDP (Kenya Association of Travel Agent, 2016). In the 1970's Kenya was renown in the entire African continent for its outstanding aviation performance. Wilson airport proudly stood out as the busiest airport in Africa with a performance of one takeoff or landing per minute. Currently, that glory has been lost.

The number of aircraft operating within a given country has an impact on that country's economy; these numbers affects the availability of flying schools in the country, and the possibility of carrying out activities such as tourism by air, air rescue, and spraying large agricultural farms among others. According to the Kenya Civil Aviation Authority (KCAA), Kenya Aircraft register, Kenya was one of the first countries in the world to develop an aviation industry, primarily because many areas of the nation were inaccessible by road.

The issue of performance is vital in all business related organizations. Managers all over the world have practiced supervision to achieve high productivity. Organizations which value the kind of services they offer to their clients have had to adopt different strategies in order to improve on their performance and increase their profitability

1.2 Research Problem

In order to maintain and attract new passengers, the concept of service quality is considered paramount in aviation business. Providers of air transport services must therefore aim to offer high service quality to satisfy and fulfill a wide range of customer's needs. Satisfaction is a function of perceived and expected performance. Customer

satisfaction is subjective and non-qualitative term and therefore differs from one customer to another. It results from the quality of aviation industry services product (technical quality), quality of service delivery, engagement of the customers (functional quality), price factors and exceeding customer's expectations. Expectation influences customer satisfaction through market signals, word of mouth, image and customer needs.

The expectation of value added servicing for basic aviation industry requirements is affected by changing needs of the customers. This is made possible only in the post liberalization era through "customer centric" services (Mohammad and Alhamadani, 2011). Since customers can switch from one service provider to the next at low cost, it means that it's elusive retaining unsatisfied customer

Globally, studies have been done by Usman and Noreen (2014) which assessed the customer satisfaction in airline industry in Pakistan. Jarmila, Jan and Zuzana (2015) focused on the measurement and evaluation of the service quality through customer satisfaction in Slovakia. Suhartanto and Noor (2012) examined the role of service quality and price in airline industry in Indonesia. Dale and Murray (2014) studied customers' expectations of airport service quality in USA. Other studies have been done on guests' satisfaction in restaurant industry (Andaleeb and Conway, 2006) while Kim, Ng and Ki (2009) studied perspectives on service quality and customer satisfaction.

In Kenya studies by Bashir, Machali and Mwinyi (2012) looked at the bearing that service quality has on customer satisfaction in Micro Finance Institutions. Yator (2012) focused on service quality effects on customer satisfaction in Lake Bogoria SPA resort. Mbuthia, Muthoni and Muchina (2013) focused on the hotel service quality, perceptions and satisfaction among local guests. Kongoti (2015) studied on service quality dimensions and customer satisfaction in the Kenyan Airline industry, Manani (2012) looked at service quality and customer satisfaction at Kenya Airways.

This study seeks to investigate service quality as a factor that determines customer satisfaction in aviation industry. The study will, thus, answer the following question: What are the elements of customer satisfaction in aviation business?

1.3 Research Objective

The research objectives are:

  i.   Determine customer perceived service quality in the aviation business;

  ii. To determine factors influencing passengers satisfaction in the aviation business;

  iii. Examine the link between perceived service quality and passengers satisfaction;

1.4 Value of the Study

The research information will provide knowledge to the policymakers and regulators of aviation industry sector to design new strategies and policies for enhanced services in the aviation industry sector.

The findings will provide insights to managers in aviation industry to better understand the different dimensions of services quality and how they influence customers' satisfaction which is important in attracting and retaining their customers.

This study will be important for researchers and students being that there are limited studies on determinants of passengers' satisfaction in the aviation sector in Kenya. The results of this study will be beneficial locally for future research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter is concerned with the theoretical framework and empirical studies in relation to service quality and customer satisfaction. It contains literature on studies done by other scholars. The literature on service quality and its determinants is reviewed. Then, literature on customer satisfaction in aviation industry is reviewed. Finally, literature shall be summarised and a conceptual framework proposed.

2.2 Service Quality

Service Quality is a major aspect in many businesses since it determines the firm's value and also satisfies customer needs. Service quality is considered in a given context and aims at meeting the passengers' needs and wants, and how well the service delivered conforms to passengers' expectations (Namukasa, 2013). It may therefore, be defined as the general impression created by the consumer in relation to the efficiency of the business and its services (Park et al., 2004). It may also be considered as a chain of activities that the whole service delivery is distributed (Chen and Chang, 2005). It has also been defined as the difference between what customers expected regarding the service they perceived and actually received (Ueltschy and Krampf, 2001; Zeithaml and Parasuraman, 2003)

Employees also play an important role in service quality, since each service delivery may be unique. According to Gursoy et al., (2005) aviation business comprises of various interactions between passengers and airlines, with workers seeking to influence the passengers' perceptions and the carrier's image. Therefore, the interaction by employees can positively or negatively impact on the perceived service quality. Studies by Dale and Murray, (2007) in the USA showed that passengers' expectations regarding airport service quality had many-dimensions with different level construct that entails key dimensions of function, diversion & interaction. Another study done in Uganda's Entebbe International Airport by Namukasa (2013) which involved 303 respondents on international flights showed the quality of before-flight, in-flight and after-flight services as having a major

effect on passengers' satisfaction. Given the above findings it's important to establish whether the same concept relate to local airlines.

For an airline, to have competitive edge, it ought to consider the quality of its' service as perceived by passengers' (Chang and Yeh, 2002). They argue that services must be delivered smoothly and consistently on high levels which consequently leads to high customer satisfaction. Any aspect that the customer deems important should not be overlooked since other providers of the same service may be offering it at no extra cost. It is therefore, important to ensure that passengers are satisfied given the quality of service at stake since a series of bad experiences will affect negatively the passengers' perception. Munusamy et al., (2011) did a study in Malaysia on a sample of 300 passengers showed that customers who received poor service consistently from an airline may be disgruntled with their services and ultimately, take their businesses elsewhere. This means loss of revenue for every dissatisfied customer.

Studies to develop a tool to assess customer perceptions in relation to service quality done by Parasuraman et al (1988) resulted in a model of service quality which identified 5 dimensions as Reliability, Responsiveness, Assurance, Empathy, and Tangible as shown in Table 2.1. They also found that the relationship between perceived value and the five dimensions of service quality appears to be statistically significant. Service quality has therefore, emerged as the most competitive trend that has shaped the marketing fraternity and enhanced business strategy. It's linked to better profitability and competitive advantage (Abdullah, 2005).

Rhoades and Waguespack (2005) evaluated the quality of service before and after the September 2001 terrorist attacks in the US airlines. They established that in 2002 the quality of service was at its peak while the reduction in the number of seats occupied facilitated on time performance, few overbooking, and fewer customer complaints. This implies that delivery of superior service by companies translates to superior profitability. Firms can differentiate their services by consistently delivering higher quality than that of its competitors. For this reason they need to know the expectations of targeted customers concerning service quality. According to Liou and Tzeng (2007) who conducted their

studies on international airlines in Taiwan, found out that the basis of service quality lies with the passengers' perception of the airlines services and how that service is delivered. Consequently, airlines will be in a position to identify what their competitors offer in term of quality and therefore remain competitive. In their study, they found out that, reliability and safety were the most important factors of service quality.

Studies by Raditha et. al., (2015) done in Indonesia revealed that the service quality and perceived value directly affected passengers' satisfaction where perceived value plays a mediating role, implying that the level the satisfaction of passengers, depends on quality of service, and the trade of between what clients have given compared to what they received. Service quality is essential and therefore, widely acknowledged as a key issue in the management of industries. It helps companies to enhance its earnings by satisfying customers' needs and wants, thus retaining them (Raditha et. al., 2015).

2.3 Dimensions of Service Quality

The computation of service quality can be a very challenging exercise because unlike products which may be quantified in terms of length, depth, width, weight, color among others, a service on the other hand can have several qualitative aspects which cannot be separated from the persons offering the service. Additionally, the expectation of the service varies significantly from one customer to another which would be as a result of issues such as personal needs, past experience and views from other customers.

Parasuraman et. al (1985) identified ten service quality determinants which is widely used as criteria for evaluating service quality as responsiveness, access, tangibles, competence, courtesy, reliability, communication, credibility, security and understanding. Follow up studies were done by Berry et al., (1988) to establish the relationship between these factors and the ten variables were reduced to five. They found that there was a high connection between, on one hand understanding and access, while on the other, between courtesy, communication, credibility, competence and security, and so the basis of the two broad dimensions of empathy and assurance, that is, five consolidated dimensions of reliability, tangibles, assurance, responsiveness, and empathy (Parasuraman et al., 1988). These dimensions form the basis for development of a service quality measurement instrument,

SERVQUAL model (Zeithaml et al., 1988). Table 2.1 demonstrates the five service quality dimensions

Table 2.1 Five service quality dimensions

Determinants	Description
Tangibles	Equipment, physical facilities, and appearance of employees
Assurance	Knowledge and courtesy of staff, and the capacity to instigate confidence and trust
Responsiveness	Desire to assist passengers and provide on-time service
Reliability	Performing the promised service accurately and dependably
Empathy	Being concerned and offering personalized attention to clients.

Source: Adapted from Parasuraman, Zeithaml, and Berry (1988)

Balancing customer perceptions and expectations. Fig 2.1 below conceptualizes how the service quality dimensions affect the expected service from the consumer's point of view, and how they affect the overall perceived service quality.

Fig.2.1 Perceived service quality model
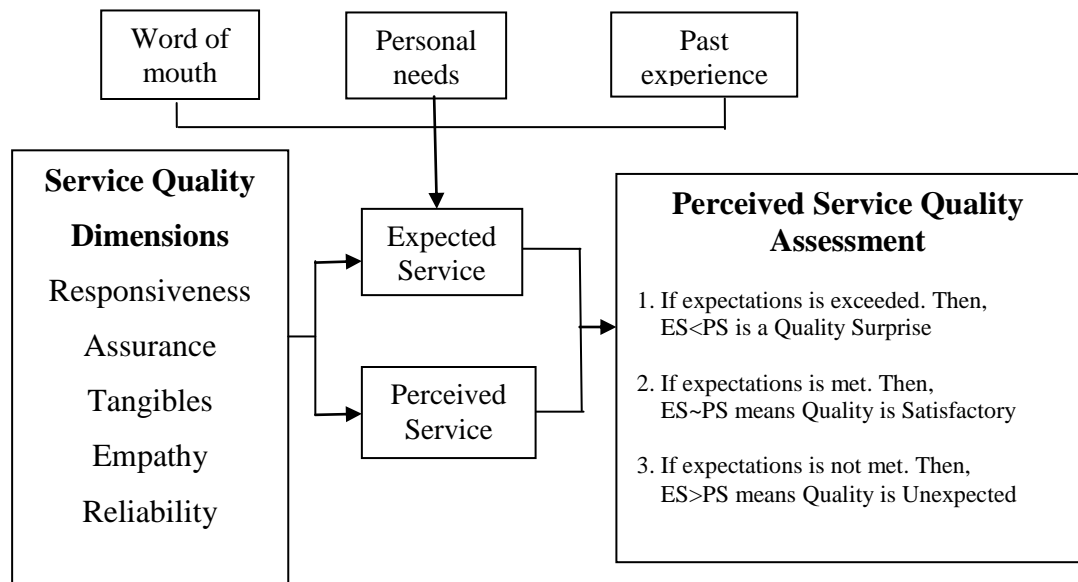
Source: Fitzsimmons & Fitzsimmons (2001)

Fig. 2.2 Service Quality Gap Model
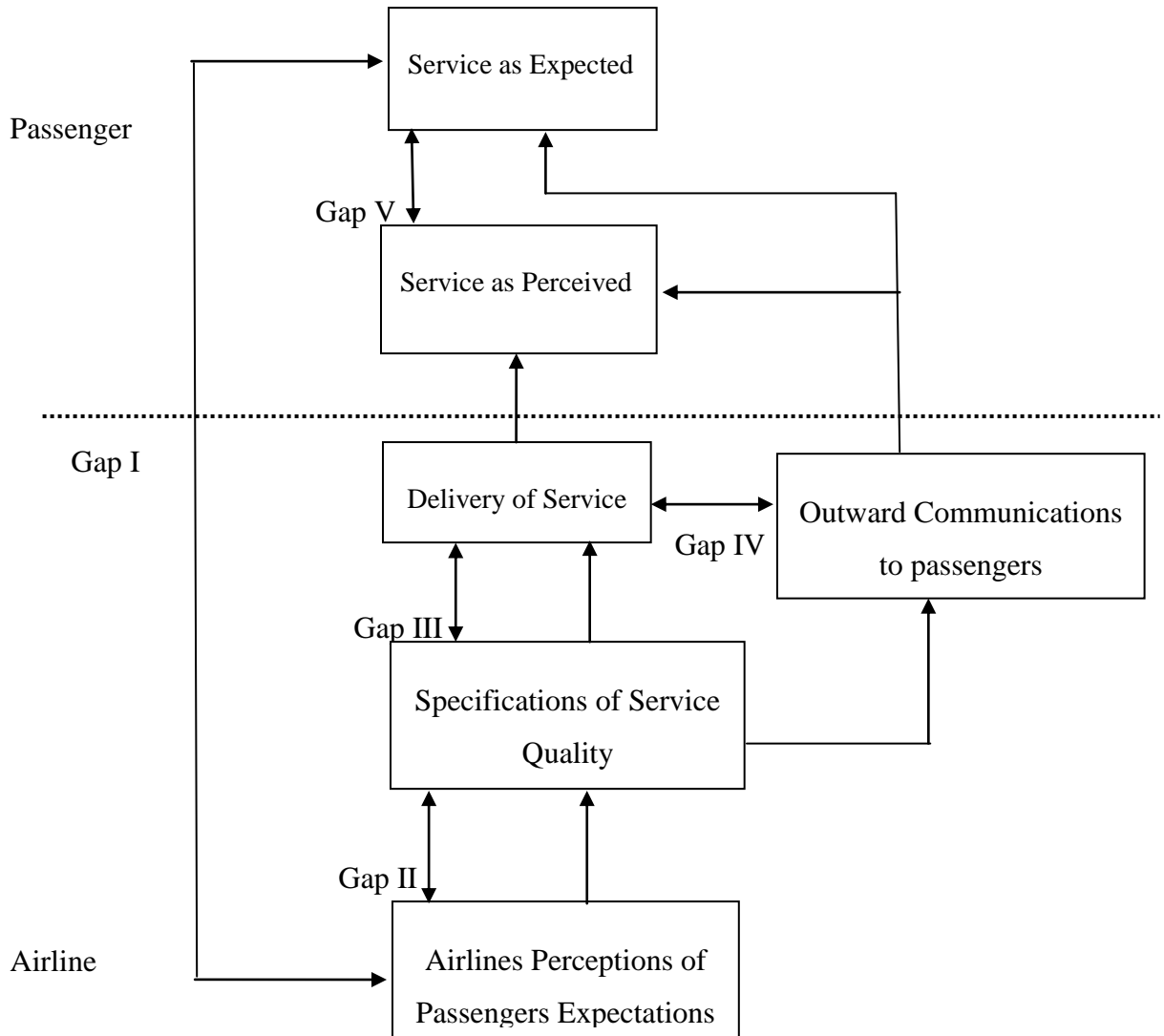
Source; V.Zeithaml, A. Panasuraman, and L.L. Berry (1991): Delivering Quality Service

In Fig.2.2 above, Gap I arises when the passengers expectations differs with what the managers thinks passengers expect. Gap II is brought about when managers fail to come up specifications that match customers' expectations. Gap III arises when the airlines service delivery systems fail to meet the stated standard. Gap IV comes about when the airlines promises a level of service performance that they cannot deliver. Gap V is created as a result of what the customer expects and perceives about the airlines services. This formed the basis of SERVQUAL model as developed by Panasuraman et. al. (1991) that contained 22 items

2.4 Customer Satisfaction

Hansemark and Albinson (2004), referred to customer satisfaction as the whole customer attitude towards a service provider, or an expressive reaction to the gap between what customers expect and subsequently receive regarding the fulfilment of some goals, needs or wants.

Different customers have different tastes and preference and unique in their own way. For this reason, according to LaBarbera and Mazursky (1983) a long lasting relationship that motivates the customer to do business with the entity in an on-going basis ought to be built and maintained, otherwise the desired level of customer satisfaction may not be achieved.

The interaction between the employees of the airline and the passengers has a bearing on the level of customer satisfaction. Research done in Uganda's Entebbe international airport by Namukasa (2011) that involved some 303 passengers on international flights stated that on-board service by aircraft attendants influenced the level of passenger's satisfaction. The recommendation was that managers should come up with strategies geared towards improving the quality of service and this should be based on the passengers' profile, for example the age, occupation, gender and education level. Studies by De Barros et al. (2007) conducted in a South Asian hub also confirmed the effect of airport staff courtesy especially during screening procedures when passengers are being transferred from one vicinity to another as having a significant effect on customer satisfaction. For these reason it would be important to determine the role employees play in local airlines in terms of customer satisfaction.

On the choice of what carrier to use, a research done in the USA by (Vanja et al., 2013) on 1,095 travelers on 33 popular destinations found out that improvements in service attributes such as comfort during travel and technology elevates passengers' expectations in respect to the airport experience, where passengers have various service attributes that can enable them differentiate the performance of a given carriers

There are several issues of expectations that service providers need to understand from the consumers perspective, so that they may be able to try and evaluate their performance

otherwise, misinterpretation of expectations may adversely affect the financial stability and thus market share of the entity (Chen and Chang, 2005).

Studies by (Correia et al., 2008; Chen and Chang, 2005; De Barros et al., 2007; Fodness and Murray, 2007) have shown that passenger feel satisfied when issues such as information convenience, security, flight timeliness, check-in processes, appropriate signage and direction, and amenities at the terminal are done properly. This means that only limited factors of customer satisfaction elements in Aviation industry have been identified which have created a gap that need to be filled on the overall passenger satisfaction.

2.5 Customer Perceived Value and Satisfaction

Perception has been described as the process by which customers select, organize, and interpret stimuli into a meaningful and clear representation of the world (Schiffman and Kanuk, 2000). People act based on their perception, and not on rational judgment. Thinking customer value helps organizations to understand value as perceived by the customer. Customer perceived value is the variance between customer benefits from a product less the cost. Cost includes the product price, the buyer's time, energy and psychic costs, Porter (1990). This means that perceived value consists of both monetary as well as non-monetary prices. The monetary cost is the price they pay whereas non-monetary costs are the acts which would prove costly if not taken into consideration seriously. According to (Zeithaml, 1988) non-monetary costs like time and effort to the consumer must also be considered.

Customers perceive value in a product in terms of reliability, durability, performance, resale price, delivery, training, maintenance, responsiveness of personnel and corporate image. Mukiri (2001) states that firms that are seen to be offering highest perceived value will have many customers. Value therefore reflects the growing customer concern of getting more money value, time and efforts invested in obtaining the product. It is vital that organizations maintain better closer relations with their patrons, and keep adjusting their products and services to feature value, lower cost of distribution activities and meet customers' needs quickly. Study done in the USA by Injazz et al (1994) found out that

innovative services with features likely to reduce time and effort to the customer can increase the perceived value and thus reducing the perceived price. This means that consumers are willing to pay more for better service quality. Studies by Howat & Assaker (2013); Yu et al. (2014), Tam (2004) have also shown that service quality propels customers' perceived value.

Injazz et al. (1994) found out that there was a statistically significant relationship that indicates that differing dimensions may influence the perceived price gap and therefore affecting the level of customer satisfaction. When a customer pays less for a service that they deem to be of a high value, the consequence shall be high satisfaction. This is the reason why it would be important to establish whether there exists a positive correlation in local airline between perceived value and customer satisfaction.

Perceived value, which includes price, has also been identified to have a mediating construct between service quality dimensions and customer satisfaction (Raditha et al., 2015; Caruana et al., 2000; Oh, 1999; Ryu & Han, 2010). Therefore, it would be important to examine the mediating role the Perceived value plays on the effects of service quality on customer satisfaction.

2.6 Aviation Industry and Customer Satisfaction

There is a major role that aviation industry plays in connecting its people and goods with the global economy. The growth in passenger and cargo traffic has been prompted by the ever increasing demand for air travel either for business or leisure. It is for this reason that airlines need to pay attention to its customers to ensure that they are satisfied by its services. In the year to 2016 the passenger air transport had a strong momentum, with passenger movements in January at 7.1% greater than in the same month the previous year (IATA, Air Passenger analysis report January 2016).

For airlines to survive, and to have a sustainable competitive edge, management of firms are compelled to provide outstanding services to their customers. They have to come up with structured ways aimed at achieving quality and cost efficiency since these excellent services come with costs (Kongoti, 2015). Customer satisfaction is therefore emerging as

an important management strategy that airlines should adopt for them to remain competitive. Most airlines in Kenya have started customer relationship programs on their web pages to assess customer's satisfaction levels which are geared towards understanding their perception about the airline.

Customers feel satisfied when their expectations about a certain airline are met. If a customer is dissatisfied they may opt for other airlines and this means loss of revenue. Dissatisfied customers often complain and this may impact negatively on other customers. Customer complaints must therefore be addressed appropriately since they offer an opportunity for organizations to correct their mistakes, retain dissatisfied customers and manipulate customer's future (Usman, 2014)

Jetblue Airways Corporation of the USA has been considered a bench mark in relation to service quality concepts and customer satisfaction (J.D. Power rankings 2016) after being tops for the last 12 consecutive years. The rankings are based on satisfaction study which measures customer satisfaction across seven different factors which entail - cost and fees charged, boarding / deplaning / baggage, on-board amenities, check-in procedures, flight crew, type of aircraft, and reservation system.

2.7 Summary of the Literature Review and Knowledge Gap

The literature reviewed the determinants of service quality, perceived service quality and the contribution that customer expectations have on the association between perceived service quality and customer satisfaction. Studies have been done by (Chen and Chang, 2005; Correia et al., 2008; De Barros et al., 2007; Fodness and Murray, 2007) have shown that passenger feel satisfied when issues such as information convenience, security, flight timeliness, check-in procedures, appropriate signage and orientation, and amenities at the terminal are done properly. This means that only limited factors of customer satisfaction elements in Aviation industry have been identified which have created a gap that need to be filled on the overall passenger satisfaction. However, handling complaints is part of value creation and it closes gaps between perceived services and expected services, and ensures that performance exceeds expectations, fostering higher customer satisfaction. Customer complaints help to energize 'organizations responsiveness and willingness to

satisfy customers leading to improved relations and enhanced customer satisfaction. By individualizing and personalizing customer relationships, organizations are increasing social bonds with customers. The success of upcoming businesses will depend how both satisfied and dissatisfied customers talk about the company's reputation since people tell more of the bad than the good experiences.

It's equally important to single out that different customers have different tastes and preference and unique in their own way. For this reason, according to LaBarbera and Mazursky (1983), organizations must be able to build and maintain long-lasting relationships with their customers so as to achieve their various needs and demands. This will motivates them to continue to do business with the organization on an on -going basis. For these reason it would be important to determine the role employees play in local airlines in terms of customer satisfaction. Moreover, there are several issues of expectations that service providers need to understand from the consumers perspective, so that they may be able to try and evaluate their performance otherwise, misinterpretation of expectations may adversely affect the financial stability and thus market share of the entity (Chen and Chang, 2005).

Fig. 2.3 Conceptual Framework

Conceptual framework is illustrated in the figure below
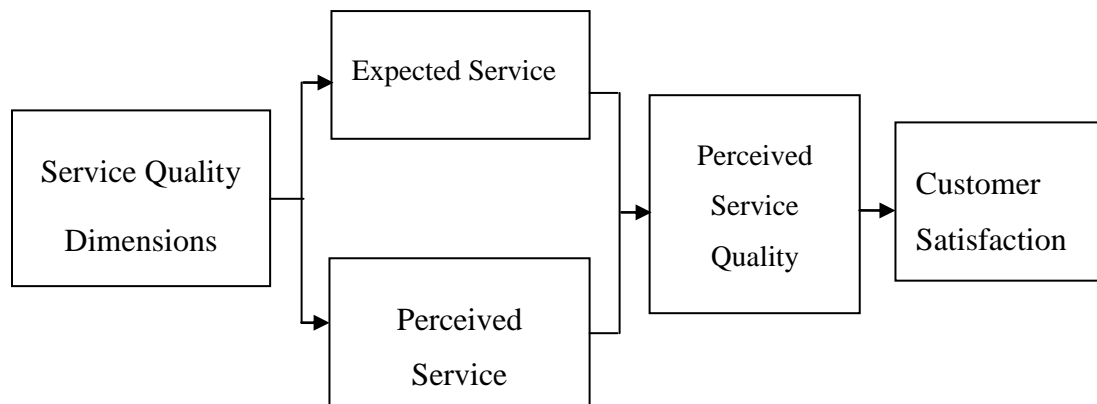
The above hypothesis is formulated as:

H1:   Service quality provided significantly affect the perceived service quality.

H2:   Perceived Service quality significantly affect customer satisfaction.

H3:   The gap between Expected and Perceived Service quality significantly affect perceived service quality.

H4:   Service quality dimensions significantly affect customer satisfaction

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the various stages that were followed in undertaking the study. They includes, research design, target population, sampling design, data collection procedures, and data analysis.

3.2 Research Design

A formalized research with data was used and a descriptive research design method used to study service quality and customer satisfaction from the customer's perspective in the local airlines within the Nairobi's Wilson Airport. The nature of the research design was cross-sectional because of the limited time and resource available at the disposal of the researcher.

The studies by Kongoti (2015), Watiki (2014), Suhartanto (2012), and Raditha (2015) adopted this research design and specific research objectives were sufficiently achieved.

3.3 Target Population

The population targeted was passengers travelling using local airlines and, for the purpose of this study, it comprised of all local airlines operating within the Wilson Airport in Nairobi. There were a total of 44 airline companies operating in Kenya where 15 were local airlines as per Kenya Civil Aviation Authority Report (2015). Therefore, data was gathered from 10 local airlines.

3.4 Sample size

The sample size was established using the Yamane (1965) formula, as shown below where 'N' is the annual passenger turnover in Kenya as per International Civil Aviation Organization (ICAO) Statistics, 2015 and 'e' is the error term of 0.1, and a 'p' value of 0.5 is assumed.

$n = N/ (1+N(e)^2)$

Where e = 0.1 and N= 4,870,000

Therefore;

Sample, n = N/ $(1+N(e)^2)$ = 4,870,000/ $(1+4,870,000(0.1)^2)$ = 100 respondents

A minimum of 100 self-administered questionnaires were circulated proportionately among the passengers' travelling using the Wilson Airport to airlines as per their aircraft numbers.

The findings from the sample were generalized to large spectra of aviation industry and therefore sample size was suitable for generalizability.

3.5 Data Collection

This study used primary and secondary data. The data was collected from customers using a structured questionnaire having both open and closed ended questions. The questionnaire consisted of three parts. Part 1 required the respondents to give the name of the airline and the frequency of travel with that particular airline. Part 2 required the customer to rate some indicated factors influencing their satisfaction levels. Part 3 required the respondents to rate their perception levels with the services provided by the airline. A 5-point Likert scale ranging from (5) for "strongly agree" to (1) "strongly disagree" was used in the research instrument to help in measuring the perceptions and expectations of passengers to determine their level of satisfaction. The questionnaire was administered to each member of the sample population as they arrived from their respective destinations.

3.6 Data Analysis

Descriptive statistics was used to establish the means, frequencies and to determine the weights and distributions of various attributes that entails service quality and customer satisfaction.

The analyzed was then being presented using tables. Regression analysis and correlation models were performed to determine the customers perception of service quality and to examine the relationship between service quality and customer satisfaction.

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSIONS

4.1 Introduction

The objective of this study was to investigate the relationship between service quality and customer satisfaction in the aviation industry in Kenya. The study had three specific objectives: to determine customer perceived service quality in the Aviation industry; to determine factors influencing customer satisfaction in the Aviation industry and to examine the relationship between perceived service quality and customer satisfaction. Primary data was collected through questionnaires and the findings are presented next.

4.2 Response Rate

The study had a sample of 100 respondents who were selected from 10 local airlines. The response rate results are presented in Table 4.1.

Table 4.1: Response Rate

	Frequency	Percent
Returned Questionnaires	70	70
Non-returned Questionnaires	30	30
Total	100	100

Source: Research Data, 2016

The findings reveal that the study managed to achieve a response rate of 70 percent since 70 respondents successfully completed and returned the questionnaires. This response rate was adequate enough to enable the researcher generalize the research findings on the entire aviation industry in Kenya concerning the relationship between service quality and customer satisfaction.

4.3 Frequency of Travel

The researcher sought to find out the number of times the respondents had travelled with the specific airlines that participated in the study. The results are presented in table 4.2.

Table 4.2: Frequency of travel

No. of times travelled	Frequency	Percent
2 to 5 times	7	10.0
6 to 10 times	49	70.0
More than 10 times	14	20.0
Total	70	100.0

Source: Research Data, 2016

It can be observed from the research findings illustrated in Table 4.2 that majority of the passengers (70%) who participated in this study had travelled by the same airline 6 to 10 times, 20 percent of the passengers had travelled by the same airline more than 10 times and 10 percent of the passengers had travelled by the airline 2 to 5 times

4.4 Factors Influencing Customer Satisfaction

The first objective of this research was to determine the factors that influence customer satisfaction in the aviation industry in Kenya. The respondents were provided with a total of 22 factors and were required to indicate the extent to which they agreed with each one of them. The scale used was 1= strongly disagree, 2= disagree, 3=neither disagree nor agree, 4= somewhat agree and 5= strongly agree.

The mean for each of the factors was obtained and if the mean corresponds with any of the values from the scale provided then it means that most of the respondents belonged to that category. The results are presented in Table 4.3 below

Table 4.3: Factors influencing customer satisfaction

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Adherence to flight schedule	70	2	5	4.40	1.027
Capability of delivering what is promised	70	2	5	4.40	1.027
Type of Aircrafts	70	4	5	4.50	.504
Appearance of staff uniform	70	4	5	4.70	.462
Confidence in employee behaviour	70	2	5	4.20	.987
Problem solving ability	70	1	5	4.40	1.290
Safety record of airline	70	2	5	4.00	1.192
Promptness of service	70	3	5	4.40	.806
Employeee competence	70	2	5	4.10	1.229
Visual ability of flight materials	70	3	5	4.20	.878
Willingness to help customers	70	2	5	4.30	1.108
Consistency of service	70	2	5	4.40	1.027
conveniency of working hours	70	2	5	4.30	1.012
Individual attention to customers	70	1	5	3.90	1.385
Respectfulness of employees to customers	70	2	5	4.30	1.108
Employee readiness to answer customer requests	70	3	5	4.50	.812
Physical facilities of the airline	70	1	5	4.10	1.309
Treatment of disabled, infants and children	70	1	5	4.20	1.258
Efficiency of check-in procedures	70	2	5	4.40	1.027
Puting customer interest first	70	3	5	4.40	.923
Accuracy of flight records	70	1	5	4.00	1.424
Employees personal atention to customers	70	1	5	4.10	1.385
Valid N (listwise)	70				

The study established that appearance of staff uniform had the highest mean of 4.7, an indication that most of the passengers somewhat agreed that the appearance of the staff uniform was a major factor that influenced customer satisfaction.

A mean of 4.50 was shared between two factors: The type of aircrafts owned by the airline and employee readiness to answer customer requests. This is an indication that majority of the passengers somewhat agreed that these two factors are important in influencing customer satisfaction.

A number of factors also had a mean of 4.40 including adherence to flight schedules, the capability of the airline to deliver what it promises, the problem solving ability of the airline, the promptness of the services delivered by the airline, the consistency showed by the airline in service delivery, efficiency of check-in procedures and putting the interests of the customers at heart. This implies that the respondents somewhat agreed that these factors were important in influencing customer satisfaction in the aviation industry in Kenya.

Three factors had a mean of 4.30 and they include willingness to help customers, the respectfulness of the employees to the airline's customers and the convenience of the airline's working hours. This revealed that majority of the passengers somewhat agreed that these factors were also important in influencing customer satisfaction in the aviation industry in Kenya.

Factors such as confidence in employee behavior (mean 4.20), visual ability of the flight materials (mean 4.20) and the treatment the airline provides to the disabled, infants and children (mean 4.20) were also found to be important factors that influenced customer satisfaction in the aviation industry in Kenya.

Factors that had a mean of 4.10 were the competence of the airline employees, the physical facilities that are owned by the airline and the employees' personal attention to the customers. This is an indication that most of the passengers who participated in the study agreed that these factors are also important in influencing customer satisfaction.

The factors that were equally considered to be important in influencing customer satisfaction in the aviation industry in Kenya were safety record of the airline and accuracy of flight records both with a mean of 4.00.

However, the study established that individual attention to customers had a mean of 3.90, an indication that most of the respondents were non-committal on this whether it was important or not important in influencing customer satisfaction in the aviation industry.

4.5 Perception on Quality of Service

The second objective was to determine the perception on service quality in the aviation industry in Kenya. The respondents were provided with a total of 22 statements and were required to indicate the extent to which they agreed with each one of them. The scale used was 1= strongly disagree, 2= disagree, 3=neither disagree nor agree, 4= somewhat agree and 5= strongly agree. The mean for each of the factors was obtained and the results are presented in Table 4.4

Table 4.4: Perception on service quality

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Airline adheres to flight schedule	70	1	5	3.60	1.439
Services were delivered as promised	70	2	5	3.70	1.012
Airline has state of the art aircrafts	70	1	5	3.80	1.547
Staff uniform appears attractive	70	2	5	4.20	.987
Employee behaviour instilled customer confidence	70	1	5	3.80	1.258
There is always help no matter what problem	70	1	5	4.00	1.351
Airline has good safety record	70	1	5	4.20	1.410
Airline services are prompt	70	2	5	4.00	1.103
Employees are competent	70	1	5	4.10	1.385
Flight materials are visually appealing	70	2	5	4.40	.923
Employees are willing to help customers	70	3	5	4.40	.923
Services are communicated consistently	70	3	5	4.30	.906
Working hours are convenient	70	2	5	4.10	1.052
Individual attention to customers	70	2	5	3.90	1.229
Employees respectful to customers	70	3	5	4.40	.923
Employees available to attend customers	70	3	5	4.50	.812
Airline has visually appealing facilities	70	1	5	4.30	1.196
Disabled, sick, infants treated well	70	1	5	4.00	1.274
Efficient check-in and boarding systems	70	2	5	4.40	.923
Airline has customer interest at heart	70	2	5	4.20	.987
Airline has accurate flight records	70	2	5	4.20	.987
Personal attention to customers	70	2	5	4.30	1.012
Valid N (listwise)	70				

The study findings as tabulated in Table 4.4 reveal that majority of the passengers have a perception that the employees of the airline they travel with are available to attend to the customers. This is supported by the mean of 4.50 which was the highest in perception on service quality. Still on the perception on service quality the following were established: the perception of the passengers concerning airline flight materials being visually appealing had a mean of 4.40, airline employees are willing to help customers had a mean of 4.40, airline employees are respectful to customers (mean 4.40) and efficient check-in and boarding systems had a mean of 4.40. A number of service quality perceptions also had a mean of 4.30, an indication that the passengers somewhat agreed that is how service quality was in the aviation industry in Kenya. They include: the airline communicates its services consistently, the airline has visually appealing facilities and the airline provides personal attention to the customers.

A number of service quality perceptions had a mean of between 4.00 and 4.20 implying that the passengers also somewhat agreed with these perceptions concerning service quality in the aviation industry in Kenya. They include: the staff uniform appears attractive (mean 4.20), airline has a good safety record (mean 4.20), airline has customer interests at heart (mean 4.20), airline has accurate flight records (mean 4.20), airline's employees are competent in addressing customer queries (mean 4.10), the airline's working hours are convenient to customers (mean 4.10), there is always help no matter what problem is experienced by the customer (mean 4.00), airline's services are prompt (mean 4.00) and the disabled, infants and sick people are treated well by the airline (mean 4.00).

However, the respondents failed to either agree or disagree with some service quality perceptions being an indication that they were not certain whether that was true or false. These included: Airline adheres to flight schedules (mean 3.60), the airline's services were delivered as promised (mean 3.70), the airline has state of the art aircrafts (mean 3.80), the airline's employee behavior instilled confidence in customers (mean 3.80) and the airline provided individual attention to customers (mean 3.90).

4.6 Service Quality and Customer Satisfaction

The third objective of the study was to examine the relationship between service quality and customer satisfaction.

The perceived quality of service was the independent variable while customer satisfaction was the dependent variable. Regression and correlation analysis were used to examine this relationship.

In order to conduct the regression and correlation analysis, the composite mean for each of the variables in each of the questionnaires was obtained and used to conduct the analysis. The findings are presented in Table 4.5 below.

Table 4.5: Correlation results

		Service quality	Customer satisfaction
Pearson correlation	Service quality	1.000	.924
	Customer satisfaction	.924	1.000
Sig.(1-tailed)	Service quality		.000
	Customer satisfaction	.000	
N	Service quality	70	70
	Customer satisfaction	70	70

The correlation results from the study findings revealed that there was a near perfect positive or direct relationship between the perceived service quality and the level of customer satisfaction as supported by Pearson's correlation coefficient of 0.924. The one tailed significance for this relationship was 0.000 and was considered significant enough since it was below 0.005.

Table 4.6: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.994(a)	.988	.988	.20511	.988	7163.601	1	68	.000

Predictors: Service quality

The regression results reveal that the coefficient of determination (R squared) was 0.988. This implies that perceived service quality explains 98.8 percent of the variance in customer satisfaction in the aviation industry in Kenya. The remaining 1.2 percent of the variance in customer satisfaction is explained by other factors that are beyond the scope of this study. It was also established that the significance value for this relationship was 0.000 which was highly significant considering that it was below acceptance limit of 0.005.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This study was carried out with the aim of examining the relationship between service quality and customer satisfaction in the aviation industry in Kenya. This chapter provides a summary of the study findings, the conclusion, recommendations made based on the research findings as well as the suggestions for further study in order to bridge any available research gaps.

5.2 Summary of Findings

Concerning the factors that influence customer satisfaction, it was established that there were several factors the passengers considered important. These factors all had a mean of more than 4.00 implying that the respondents somewhat agreed that they were important in influencing customer satisfaction in the aviation industry in Kenya. These factors include: adherence to flight schedule, capability of delivering what is promised, the type of aircrafts owned by the airline, appearance of staff uniform, confidence in employees behaviors, problem solving interest for complaints and requests, safety record of the airline, promptness of service, employees competence in answering customers' questions, visual ability of flight materials associated with the service, willingness to help customers, consistency of service, convenience of working hours, respectfulness of employees to customers, employees readiness to answer to customer requests, the physical facilities of the airline, how people with disabilities, the sick and infants are treated, efficiency of check-in and boarding procedures, having the best interests of the customers come first, accuracy of flight records and employees personal attention to customers.

However, the study findings revealed that the airline's individual attention to customers was not an important factor in influencing customer satisfaction.

On the perception on service quality, the study findings revealed that most of the respondents agreed with a number of service quality perceptions of the airlines. These perceptions that had significant weight based on a mean of 4.00 and above include: the airline's uniform appears attractive, there's always some help no matter what is the

problem, the airline has a good safety record, the airlines services are prompt, employees are competent in addressing customers' queries, the airlines flight materials are visually appealing, the airlines employees are willing to help passengers, the airlines services are communicated consistently, the airlines working hours are convenient, the airlines employees are respectful to its customers, employees are available to answer to customer requests, the airline has visually appealing facilities, disabled, sick and infants are treated well, the airlines check-in and boarding systems are efficient, the airline has the customers best interests at heart, the airline has accurate records of their flights and the employees gives personal attention to customers.

It was however established that some service quality perceptions were not considered important such as, the airline adhered to its flight schedule, airline services were delivered as promised, the airline has state of the art latest aircrafts, employee's behaviors instilled confidence to customer and the airline gives individual attention to customers.

Concerning the relationship between service quality and customer satisfaction in the aviation industry in Kenya, the results revealed that there is a near perfect positive relationship between perceived service quality and customer satisfaction. The regression results also revealed that service quality explains 98.8 percent of the variance on customer satisfaction in the aviation industry in Kenya.

5.3 Conclusion

A number of factors have been seen to influence customer satisfaction levels in the aviation industry in Kenya. These factors include: adherence to flight schedule, capability of delivering what is promised, the type of aircrafts owned by the airline, appearance of staff uniform, confidence in employees behaviors, problem solving interest for complaints and requests, safety record of the airline, promptness of service, employees competence in answering customers' questions, visual ability of flight materials associated with the service, willingness to help customers, consistency of service, convenience of working hours, respectfulness of employees to customers, employees readiness to answer to customer requests among others.

On the perception on service quality it was evident that customers perceived quality when: the airline's uniform appears attractive, there's always some help no matter what is the problem, the airline has a good safety record, the airlines services are prompt, employees are competent in addressing customers' queries, the airlines flight materials are visually appealing and when the airlines employees are willing to help passengers.

It was further established that there is a highly significant relationship between service quality and customer satisfaction in the aviation industry in Kenya.

5.4 Recommendations

The study established that service quality explains approximately 98.8 percent of the variance in customer satisfaction. This is an indication that customer satisfaction depends almost entirely on service quality. The aviation industry needs to work towards enhancing service quality to improve customer satisfaction.

5.5 Limitations of the Study

The study was carried out at the Wilson airport to passengers using local airlines. This means that views from passengers using other airports were not captured.

Some questionnaires were never returned and therefore there input was not captured. The time period covered only related to the specific instance in time when the questionnaire was administered and the limitation on the availability of resources to the researcher.

5.6 Suggestions for Further Research

The research findings reveal that there is 1.2 percent of the variance in customer satisfaction that is not explained by service quality. There is need to carry out a study to establish the factors that explain this percentage of the variance.

There is also need to carry out a study in other service industries in order to compare the findings to establish whether there are any similarities to the findings. This will assist in providing more knowledge in service quality and customer satisfaction.

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APPENDICES

Appendix I: Questionnaires

This questionnaire intends to collect data on how you feel about service delivered by your local airline

PART 1: RESPONDENT GENERAL INFORMATION

Please provide responses to the following questions by marking (X) against the most suitable alternative or filling in the spaces provided.

Name of the Airline :………………………………………………

Number of times travelled using this airline: Once [ ]   2 to 5 [ ]   6 to 10 [ ]   more than 10 [ ]

PART II: FACTORS INFLUENCING CUSTOMER SATISFACTION

This part is concerned about factors that influence your satisfaction with the airline.

Please mark (X) in the appropriate cell to indicate the extent to which you agree or disagree with the below factors.

	Factors	Strongly Disagree	Somewhat Disagree	Neither agree nor disagree	Somewhat Agree	Strongly Agree
1	Adherence to flight Schedule					
2	Capability of delivering what is promised					
3	The type of aircrafts					
4	Appearance of staff uniform					
5	Confidence in employees behaviors					
6	Problem solving interest for complaints and requests					

7	Safety record of the airline					
8	Promptness of service					
9	Employees competence in answering customers' questions					
10	Visual ability of flight materials associated with the service					
11	Willingness to help customers					
12	Consistency of service					
13	Convenience of working hours					
14	Airline's Individual attention to customers					
15	Respectfulness of employees to customers					
16	Employees readiness to answer to customer requests					
17	The physical facilities of the airline					
18	How people with disabilities, the sick and infants are treated					
19	Efficiency of Check-in and boarding procedures					
20	The best Interests of the customers come first					
21	Accuracy of flight records					
22	Employees personal attention to customers					

Source: Adapted from SERVQUAL model (Zeithaml et.al., 1988)

PART III: PERCEPTION ON THE QUALITY OF SERVICE

This part is concerned about your opinion in regards to certain aspects of service quality levels in the airline therefore; there are no right or wrong answers.

Please mark (X) in the appropriate cell to show the extent to which you believe the airline has features described by the factors.

	Factors	Strongly Disagree	Somewhat Disagree	Neither agree nor Disagree	Somewhat Agree	Strongly Agree
1	The Airline adhered to its flight schedule					
2	Airline services were delivered as promised					
3	The airline has state of the art latest aircrafts					
4	The staff uniform appears attractive					
5	Employees behaviors instilled confidence to customer					
6	There's always some help no matter what is the problem					
7	The airline has a good safety record					
8	The airlines services are prompt					
9	Employees are competent in addressing customers' queries					
10	The airlines flight materials are visually appealing					
11	The airlines employees are willing to help passengers					
12	The airlines services are communicated consistently					
13	The airlines working hours are convenient					
14	The airline gives individual attention to customers					
15	The airlines employees are respectful to its customers					
16	Employees are available to answer to customer requests					
17	The airline has visually appealing facilities					
18	Disabled, sick and infants are treated well					
19	The airlines check-in and boarding systems are efficient					
20	The airline has the customers best interests at heart					
21	The airline has accurate records of their flights					
22	The employees gives personal attention to customers					

Source: Adapted from SERVQUAL model (Zeithaml et.al., 1988)