SERVICE QUALITY AND CUSTOMER LOYALTY IN THE AUTOMOTIVE INDUSTRY IN KENYA

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE RQUIREMENTS FOR AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT SCIENCE, UNIVERSITY OF NAIROBI

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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D61/5977/2017

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This project is devoted to my parents, wife Celestine Lagat and our children Jepkoech, Kipkirui, Kipruto and Jemutai for their support, love, and encouragement throughout my studies.

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ABBREVIATIONS

DT: Diamond Trust

GDP: Gross Domestic Product

KAM: Kenya Association of Manufacturers

KMI: Kenya Manufacturing Industry

SEM: Structural Equation Modeling

SERVQUAL: Service Quality

SPSS: Statistical Package for the Social Sciences

ABSTRACT

For a multitude of reasons, including earnings, customer referrals, publicity, market share, and competitive positioning, businesses that want to succeed in the marketplace must build and deepen relationships with loyal customers. A competitive market has made it increasingly difficult to retain customers, thus academics have attempted to construct models to investigate consumer loyalty in a variety of settings. Research in Kenya's automobile business was conducted in order to determine the impact of service quality on customer loyalty. As a result, the research aimed to identify the service quality characteristics that are used by the automotive sector in Kenya, to establish the link between the quality of service and customer loyalty, and to compare consumers and the industry. SERVQUAL, expectation disconfirmation theory, and social exchange theory were used to conduct this research. The research design used in this study was a descriptive one. Customers, operational managers, and service managers all participated in the survey. Managers in operations and service at each of the five automakers participated in a census survey. In order to collect primary data on consumer satisfaction and loyalty, questionnaires were employed. Data were analyzed via the use of correlation and regression. For the purpose of discovering the relationship between service quality and client loyalty, a Pearson correlation study was conducted. Customer loyalty in Kenya's automobile sector is positively influenced by tangibles, according to the findings of this research. Reliability has been shown to have a favorable influence on customer loyalty in Kenya's automobile sector. In Kenya's automobile business, responsiveness has a favorable effect on consumer loyalty. Furthermore, in the Kenyan automobile business, assurance was shown to have a favorable influence on consumer loyalty. Empathy has a favorable effect on client loyalty in Kenya's automobile business. An automobile company's competitive edge and bottom line may be improved via the implementation of customer loyalty enhancement initiatives, according to the findings of a new research. A long-term commitment and a knowledge of service quality and customer satisfaction from the viewpoint of the automobile businesses' customers are required for them to pursue client loyalty as a marketing strategy.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

As the years progressed, administration of quality services has dynamically become more basic in a difficult and existing industry that deals in service as a method for achieving economical and beneficial business (Wahyono & Nurjanah, 2020). The service business is profoundly aggressive with many firms looking to connect more clients in order to develop their portion of the overall industry and set up a dependable client connection. Firms need to demonstrate to clients that they offer client centered quality services (Jain, 2020). Service quality is dependent upon client's view of value. To quantify and comprehend service quality is difficult based on past studies, however Ganaie and Bhat, (2020) created the model to analyze clients' prospects and insights. The model's role was to measure customers' perceptions of exceptional service, which was used to define the operations of a company based on its scope. To assess the differences between expectations and perception, the SERVQUAL models use five dimensions: responsiveness, assurance, tangibles, empathy, and dependability. Previous research focused on the SERVQUAL model's implementation in major business areas, since it is still trusted and dependable in making decisions (Elrehail, 2020).

Social exchange theory guides this study, expectancy disconfirmation theory and the SERVQUAL model. According to social exchange theory, all human interactions are the result of cost-benefit analysis and alternative comparisons. The expectations that

maintaining relationship among individuals is rewarding is what drives individuals according to the theory. The Expectancy Disconfirmation theory suggested by Oliver (1997) notes that contentment is related to the degree and the experience arising from correlations between the quality of service and expectations. Expectancy disconfirmation is an inconsistency between expectations and perceived performance (Rashmi & Rathny, 2019). The SERVQUAL model (Parasuraman, 1985) postulates that clients' evaluation of worth of the provision of a service is grounded on the five dimensions that is assurance empathy, tangible responsiveness, and reliability. The model was designed as an instrument of pointing out deficits in service quality (Izogo, 2017). This model is grounded on the fact that clients can make an evaluation of a firm's service quality through making comparisons between their perceptions of its service and their own expectations.

In Kenya, the automotive sector is largely focused on the selling and distribution of automobiles. Kenya's automotive sector is quickly developing as a result of improved infrastructure, rising wages, and more access to finance, all of which have helped to create jobs for Kenyans (Benjamin et al. 2019). As the commercial, logistical, and economic center of the whole East African area, Kenya's fast growth is the most impressive in the East African region. Kenya's GDP increased by 5.3% in 2012, and is expected to rise to 10% by 2017 due to the government's efforts to improve the country's economic competitiveness. In Kenya, the automotive sector is mostly focused on the retail and distribution of automobiles. As a result, automotive suppliers provide excellent service to their clients in order to keep them satisfied and loyal (Wanyoike, 2018).

1.1.1. Service Quality

Since the service industry is so vital in every economy, it must be given top priority in decision-making for survivability and competitiveness (Murambi & Bwisa, 2014). Services vary from physical commodities in that they are intangible, engage clients in their creation, and entail simultaneous production and consumption, making service quality evaluation challenging. It's tough to assess service quality, which is why quality experts have different definitions. Quality is defined by Crosby (1984) as conformity to requirements, but quality is defined by Juran (1992) as suitability for use. In his study, Grönroos (1984) discovered that perceived service quality results by comparing predicted service levels and perceived service quality received.

Customers are aware of the many service options available, provider companies, and growing service standards (Owino, 2017). As a result, it is critical for service providers to carefully offer services and to analyze their services to detect problems, improve their service, and measure client satisfaction. Quality, according to Mosahab, Mahamad, and Ramayah (2010), is a multi-dimensional notion that cannot be achieved without differentiating its key elements. The current study will utilize the dimensions as the indicators of the independent variable which is service quality. In an attempt to evaluate value, Parasuraman et al. (1985) came up with the SERVQUAL model.

He defined five characteristics as critical criteria for assessing customer views on the quality of service and their desires (Kumar et al., 2009). Tangibility means physical characteristics of the service being delivered. One hallmark of the insurance business is

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that actual locations, certificates, and policies are accessible therein. This method is used to evaluate quality by use of physical measures. The capability to deliver on promises in a precise and timely way is referred to as reliability. It consistently provides excellent services that are always delivered on time and without fail. Responsiveness refers to the measure of response given to customers in a quick and effective way. It is described when an organization react in a quick and positive to the demands and needs of the customers. To show empathy, one must be very attentive to a customer's desires and point of view. Business confidence and certainty among customers are described as assurance.

1.1.2. Customer Loyalty

Loyalty emerges from the constant satisfaction customers have from doing business with a firm and their emotional attachment to it, making them remain in a relationship with partiality and devotion. (Bell et al., 2015). According to Toporek (2011), customer loyalty is defined as a customer's continuous patronage of a company in spite of the existence of rivals and alternative firms, which is attempted via the breaking of the connection. Loyalty is characterized by a strong desire to get an item or service again without fail, leading to repeated purchases (Mang'unyi et al., 2018). A good business wins the loyalty of its consumers when it creates a strong, trustworthy bond. Loyalty may be determined by gauging customers' trust levels, the perceived value they get, and their price sensitivity.

If customers are faithful to a brand, they are loyal and will not hesitate to share their ideas and advice with organizations that is helpful in crafting better services and products (Markidan, 2017). The loyalty of customers is related to price lenience, since devoted

consumers will see an increase in price as a value-added service that's necessary to sustain their competitive edge. Consumers who are not impacted by price increases are indifferent or not bothered by the cost of making a purchase. Because of brand loyalty, customers will often refer others, help promote the brand, and be more sensitive with prices. Customers' feelings at every point of interaction with company's brand, as well as the quality of their experience, will help them determine their loyalty (Brandi, 2017).

1.1.3. Automotive Industry in Kenya

Auto sales and distribution are the primary emphasis of Kenya's motorized business. Toyota (East Africa) and Cooper Motor Corporation are two of the many car dealerships in the East African market that are committed to providing exceptional customer experience by supplying an outstanding range of automotive cars and products with superior levels of sales and aftersales service. As a result, our clients and principals can expect nothing but the best service and support at all times. To achieve our goal of being a leader in transportation, commercial vehicles, and diesel engines, Isuzu (East Africa) supports our customers and respects the environment. Simba Colt Motors, a company that takes great satisfaction in providing value to our consumers, is one of such businesses. We are committed to making our goods and services accessible, reliable, and transparent so that our consumers may have faith in them. DT Aiming to raise the level of life for Kenyans while also expanding the economy and leaving a lasting legacy, Dobie Vision is in line with Kenya's Vision 2030. (KAM, 2021). In addition, the nation has three vehicle assembly facilities that specialize in the production of pick-up trucks and large commercial vehicles (Njoroge, 2007). Imported cars compete fiercely with established sellers, currently account

for about 70% of the market. The quantity of new cars sold in the nation has decreased significantly during the past decade.

In the past four years, there has been a gradual improvement, but the results still fall well short of those of a decade ago. The decrease in new automobile sales may be attributed to increasing competition from used cars as well as the current economic climate (Latif et al., 2020). KMI, which serves as the industry's representative body and speaks for the manufacturers, has made a real effort to reverse this negative trend. The industry has recovered to some extent because to some of these measures, which saw just 5,869 vehicles sold in 2000. Organizations have increased their creativity in dealing with customer requirements. KMI has also proposed for limits on used car imports, financial incentives to promote commercial vehicle assembly locally, and export incentives for auto makers. PricewaterhouseCoopers offers services to major automobile businesses in Kenya and the rest of East Africa (Alabar et al., 2014).

1.2. Research Problem

Firms that aim to stay competitive in the marketplace must develop and strengthen connections with loyal consumers for a variety of reasons, including profits, customer referrals, publicity, market share, and competitive positioning (Tabitha, 2013). Because achieving customer loyalty in a competitive market is becoming more challenging, academics have tried to create models to study consumer loyalty in a number of situations. Following an analysis of these models, it was discovered that the quality of service, client happiness, alleged value, belief, and dedication are important factors in establishing and

sustaining client devotion. The importance of client loyalty has been recognized by the majority of automobile businesses (Waari et al., 2018). Attracting new consumers is both costly and challenging (Hussein, 2016). Customers are spoiled for choice on motor vehicle service providers in today's age of digital savvy and intense competition, due to the inflow of motor vehicle businesses in the Kenyan market (Mang'unyi et al., 2018).

A previous study has demonstrated that customer loyalty may lead to increased customer retention because of how it influences the view of customers on quality. The interdependence of service quality and customer loyalty, as explained by Beryl and Brodeur (2007), suggests a variety of methods for increasing services and obtaining a competitive advantage. The Malaysian public service sector was explored by Ilhaamie (2010) using the SERVQUAL instrument, and it was discovered that external customers saw low levels of service quality, poor expectations, and negative impressions. The research discovered that the most significant feature is tangible. It also gets the lowest perception rankings. Finally, these foreign consumers place the greatest value on the Malaysian government's dependability. Rahman et al. (2011) examined Bangladesh's private commercial banks' service quality. One of the main reasons of service quality design failure, according to their research, is inadequate knowledge of the changing customer preferences.

In Kenya, Auka, Bosire, and Matern (2013) established that clients who believe bank's employees are vicarious by providing individualized devotion are more loyal than those who believe their banks spend more on appearances, according to the study. Busili (2014)

discovered that banks in Kenya needed to improve service quality aspects due to rising competition for the same services. In his investigation of the Servqual model's application in the Kenyan mobile phone money transfer services sector, Onyimbo (2015) discovered that operational managers can assist in the deployment of specialized service design and delivery to enhance service quality and meet customers' needs by first identifying dominant quality dimensions in industries.

According to a study conducted by Oly (2007), the loyalty of customers can be achieved by establishing trust, demonstrating accountability to management, communicating with clients in a convenient, solid, and proactive manner, and effectively handling conflict. Auka et al. (2013) investigated the link between customer loyalty and administration quality measures. The data for the research came from 384 existing company customers who were polled on five aspects of administration delivery: content, unchanging quality, responsiveness, confirmation, and compassion. The findings revealed that all aspects of administration quality have an effect on client loyalty.

Kheng et al. (2010) studied correlation amongst customer loyalty and service quality in Malaysia and found that satisfaction impacts the link between customer loyalty and the features of the service. The study by Asfaw (2015) found that in the Ethiopian insurance market, customers are likely to be satisfied and loyal to insurers who understand the importance of customer service and the prevalence of premium service. Dubey and Srivastava (2016) found that service quality may be utilized as a strategy to sustain a strong relationship with consumers, thereby increasing customer loyalty.

While service quality is considered a significant contributor to customer loyalty, a crucial research gap still exists on its impact in the automobile sector. The study's aim was to investigate the connection between client's devotion and the quality of service in the automobile sector and fill the existing knowledge gap. The purpose of this research was to obtain answers of: How does customer loyalty relate to service quality in the Kenyan automobile sector?

1.3. Objective of the Study

To establish the effect of service quality on customer loyalty in the automotive industry in Kenya.

Specific objectives:

  i.   To determine the service quality dimensions adopted by automotive industry in Kenya

  ii.   To establish the relationship between the quality of service and client's loyalty in the automotive industry in Kenya

1.4. Value of the Study

The findings will further the knowledge of automobile operations management in the academic and industrial sectors. The findings will particularly help advance the professional understanding of social interchange and operations management by helping to clarify the impact of internal service quality management on organizational performance. Through the study, the automobile business may gain customer-centric methods to serving its consumers to prevent customers leaving for rival firms. The findings

of this study may be used by policymakers in the field of operations management to develop universally applicable strategies for aligning internal service quality management with an organization's operations strategy, thereby meeting stakeholders' expectations and facilitating the achievement of strategic goals for both private and public organizations.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

In this section a review of theories, service quality and customer loyalty will be made. In addition, it presents empirical review as well as the variables framework of the study.

2.2. Theoretical Perspective

A range of theories has been put forward explaining quality of service and customer loyalty in organizations. SERVQUAL model, expectancy disconfirmation theory, as well as social exchange theory guided this study.

2.2.1. Social Exchange Theory

The promoter of this theory was Homans in the year 1958. The Social Exchange Theory contends that interactions among humans are made through application of cost-benefit analysis and comparisons of alternatives (Hanaysha & Hilman, 2015). The Social Exchange Theory is designed to explore how service quality, value, satisfaction, and loyalty are linked. The theory states that individuals are prone to build relationships in order to increase their likelihood of receiving benefits. It's in the expectation of a bigger reward that people give up advantages for others. Thibaut and Kelly (1959) maintain that the decision to maintain a relationship is made by a comparison of the current relationship, past experiences, and future prospects.

Individuals' level of commitment to their existing relationship is measured by continuously comparing social and economic outcomes from interactions with their current partners and other options. Service encounters are considered social interactions, and the relationship between service provider and client is a critical component of both service enjoyment and the desire to remain connected, which makes the theory suitable for this study (Barnes, 2007). The objective of social exchange theory is to provide an explanation for how social and economic relationships are formed, expanded, and sometimes dissolved.

2.2.2. The Expectancy Disconfirmation Theory

Oliver's (1997) theory of Expectancy disconfirmation, which is concerned with the degree and direction of disconfirmation experience resulting from the connection between the quality of service and expectations, asserts that pleasure is proportional to the extent of disconfirmation. Expectancy disconfirmation is an inconsistency between expectations and perceived performance (Rashmi & Rathny, 2019). According to the disconfirmation or expectations theory, a cognitive assessment process occurs when the original thoughts of a product's possible experiences and outcomes, and their probability, are compared to the new thoughts of a product's experiences and outcomes gained. The results may be any of the following: disappointing (expectations exceed reality), irrelevant (expectations are equal to reality), or encouraging (reality is better than expectations), can trigger expectancy disconfirmation (Sattari, 2007).

The use of this theory asserts that customer's loyalty strength or disloyalty is a cognitive-evaluative process in which customers evaluate their values to the qualities of the products and services they use (or needs, wants, desires). Because customers seek the values achievement instead of contentment of prospects, it is proposed that views of goods, organizations, activities are basically assessed in terms of how well they match the clients' worth. While goods may offer more of a desired characteristic or result, this has no bearing on satisfaction unless this element prevents the achievement of another goal (Sattari, 2007). Fundamentally satisfaction occurs as a result of directly experiencing the service or product and comparing perception against expectations which leads to customer loyalty (Matilla, 2003).

2.2.3. The SERVQUAL Model

This model by Parasuraman et al. (1985) postulate clients' valuation of quality of service is five-dimensions based: reliability, assurance, responsiveness, tangible and empathy. The model was designed as an instrument of pointing out deficits in service quality and for comparison (Kosgei, 2019). Customers expect to be given what they believe in, not what the service provider is able to provide (Parasuraman et al., 1988). The expectations that a company has for its employees are affected by external variables including advertising, prior experience, and individual requirements (Zeithaml et al., 2006). The SERVQUAL model has been widely utilized by researchers for service quality assessment (Wilson et al. 2008).

The structures of Parasuraman et al. (1991) further attempt to spot services' deficit and thus identifying the prospect for further improvement so that optimum level can be reached in delivering such provision to the clients. Parasuraman et al. (1991) concur with other writer's further by giving guidance on the tangibility that it comes along with such a tributes like; empathy, reliability, assurance and responsiveness which induce interest of the client to seek more. The tangibility is the outward look of the material facilities, apparatus, human resources and contact material contained by a service. Empathy denoted how well care can be shown to an individual and attention is given promptly by the service provider to customers whereas dependability is the readiness of the provider of the service to carry out the assured service feasibly with much accuracy. Assurance then is the conviction in the understanding or awareness and proficiency of the service provider. Responsiveness reveals much of a willingness to assist a customer and offer an immediate service in specific; this framework measures how clients distinguish an organization's excellence of service as they obtain it. This dimension is arrived at through a contrast between clients' anticipation on how they should be as long as it is served and what they ultimately obtain and at last.

2.3. Quality of Service

With Churchill and Surprenant (1982), customers' expectations were measured by assessing whether or not the company really delivered the service consumers wanted, which could be defined as the perceived superiority of the service some level which the service met the customers' desires and requirements. Parasuraman et al. (1988) built on this

foundation to develop the five aspects of service quality, which included empathy, responsiveness reliability, assurance, and tangibles.

According to the research done by Lehtinen and Lehtenin (1982) and Groonroos (1984), the quality of a service may be broken down into three parts: the physical quality, the corporate quality, and the quality of the interactions between customers and employees. Further, Groonroos (1982) said that a company's image, functional service quality, and technical quality outcomes may all be used to assess the quality of the service. A service quality model developed by Parasuraman et al. (1988) had previously recognized and analyzed this issue prior to this study, which relied on their SERVICEQUAL service quality model.

In this approach, the level of service quality has been quantified using five different quality characteristics (Lewis & Booms, 2013). Fitzsimmons and Fitzsimmons (2014) include tangibility in their definition of service quality's tangible components, which comprise their commodities, equipment, physical facilities, physical ambient conditions, communication materials, and so on.

The dependability dimension, on the other hand, refers to a person's capacity to keep their promises (Parasuraman et al., 1988). Furthermore, they said that dependability had been critical to their operations since it encompassed things like accurate invoices and estimations, record keeping and a promise to execute orders. Dependability may be used to promote customer pleasure and perceived value, with an emphasis on customer satisfaction and perceived quality, according to Korda and colleagues (2010).

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A firm's ability to respond to customers and provide services in a timely manner are also critical to service quality (Parasuraman et al., 1988). Johnston (1997) modified the idea to incorporate service delivery speed in order to deal with the problems of long wait times and long lineups. In addition, the concept of how quickly employees should react to client demands and complaints is addressed in this dimension. Parasuraman et al. (1985) found that a company's empathy is measured by its capacity to assist customers with their personal and individual problems, as well as comprehend their requirements.

Ananth et al. (2011) have used components in their studies, and the results indicated a favorable connection between customer satisfaction and banks in the private sector. Sachev and Verma (2014) reinforced the idea of the workforce being empathetic by stating that it entails employees being welcoming to customers and taking care of their specific needs. To guarantee the safety of customers, the last component of trust is the assurance component, which provides security and comfort to the people receiving the service. In other terms, it is the assurance or guarantee that people will get good advantages from using the services they want without any dire consequences.

2.4. Service Quality and Customer Loyalty

SERVQUAL (Parasuraman, 1988) is an instrument that measures service quality. It is currently used in a wide variety of industries, including financial services and telecommunications, although it has been criticized as being complex (Hutchinson et al., 2007). The study's purpose is to determine the instrument's validity in terms of general reliability, tangibility, empathy, assurance, and responsiveness as they pertain to its

application in African settings (Khan, 2010). Because of its significant effect on image development, reduced costs, and customer loyalty, service quality is an important topic for academics.

According to Aydin and Ozer (2005), customers' loyalty to a company improves when service quality is better. Specifically, they found that customers' loyalty is increased when they are willing to purchase again, buy more, purchase additional services, become less price sensitive, and inform others about their positive experiences. A consumer will spread good brand message about a company to others and will not be readily persuaded by rivals, as shown by the fact that they consider the company to be their first choice while purchasing (Khalifa et al., 2011). The SERVQUAL model has become more important in assessing and determining customer perceptions and expectations. (Khudhair et al., 2019).

To achieve customer loyalty, Oliver (1997) and Gee et al. (2008) proposes that maintaining every interaction with a customer is a chance to deliver better service and set the company apart from its rivals. Despite the fact that client loyalty is essential for a company's existence, it's unusual the link isn't as well-developed. Customer loyalty and service quality has been studied but not in the telecom industry. In addition, there remains considerable debate on the nature of the relationship (Ramzi & Mohamed 2010). Turkish customers also believe that service excellence is required, but they say it is inadequate to create loyalty (Aydin & Ozer, 2005).

2.5. Empirical Literature Review

Different models in service organizations have been developed with the goal of revealing the relation between quality of service and customer loyalty and satisfaction. Studies done by Bharwana (2013), Minh (2015), Apondi (2016), Muchogu (2016), Ntabathia (2013), Odhiambo (2015) and Wanjiku (2014) focused on the same. The studies are as indicate in Table 2.1.

Table 2.1: Empirical and Gaps

Researcher	Study Area	Methodology	Findings	Gap	Present Study focus
Nimako (2012)	Dimensions of service quality in Ghana's mobile industry	A questionnaire was administered 1,000 participants in a cross-sectional survey. A workable questionnaire consisting of 937 items was extracted and analyzed using SEM.	Technical quality is a key measurement to subscribers, followed by dependability, economy, assurance, responsiveness, image, and empathy	The study did not focus on how service quality influences customer loyalty	Current study will focus on how service quality influence customer loyalty in general
Bharwana (2013)	To establish how quality of service impacted on students' satisfaction and loyalty in non-public colleges	It's used data obtained from students at several institutions. After sampling from various universities, 185 young people were asked to fill out questionnaires. A primary sample was obtained from a number of students enrolled in various institutions. Analysis is performed using SPSS Version 19.0 after data is input in Microsoft Excel 2007.	Quality of service to a larger extent leads to students' satisfaction and thus increases their loyalty. Assurance and tangible had greater scores than other dimensions of SERVQUAL while empathy scored dismally.	To include the issues on customer loyalty comprehensively	The current study will look and how services quality influences loyalty
Minh (2015)	Quality of service and customer loyalty in Vietnam's hotel industry	A survey with 23 service quality questions that include five service quality characteristics was developed using the SERVQUAL paradigm. A study of visitor satisfaction in Vietnamese three-star hotels was conducted in 2013. The data were gathered from 432 guests of these establishments.	Quality of service is a key driver of customer loyalty in the hotel industry. Among five quality dimensions, four intangible ones proved to be of more impact than the tangible one.	The context of the study was international which make generalization difficult	The current study will be specific on the automotive industry in Kenya

Researcher	Study Area	Methodology	Findings	Gap	Present Study focus
Ntabathia (2013)	Establish quality of service and students' gratification and loyalty in Nairobi County's private Universities	The total of 92 responses was utilized. To conduct primary research, the researcher approached four consumers from each bakery and presented questionnaires to them in person. A regression analysis and descriptive statistics were utilized.	Service quality affects student satisfaction. It further stated that programs offered and the institution's reputation is among the key determinants.	The study focused on universities which is has different settings to the automotive industry	The current study will contextualize on automotive industry and establish how quality of service influences client's devotion
Macharia (2014)	The linkage between service quality and customer loyalty in Kenya's retail banking sector	Respondents were surveyed by way of questionnaires and in-person interviews with key informants in order to obtain primary data. 30 responses were obtained This was a credible response and adequate to get views on the banking industry to address the study objectives. Some consumers were surveyed to authenticate and confirm the primary data. The information in the research was extracted through content analysis of the data that was obtained.	The relationship between service quality and client loyalty is significant.	The study focused on banking sector which is has different settings to the automotive industry	The current study will contextualize this study to the automotive industry and establish how service quality influences customer loyalty

Researcher	Study Area	Methodology	Findings	Gap	Present Study focus
Odhiambo (2015)	Establish the influence that service quality has on customer loyalty in Kenya's banking sector.	A study design that was very descriptive was used. Of the Kenyan commercial banks whose headquarters are in Nairobi City, the research focused on the 43 member banks. The focal point of the research was the management team at the bank headquarters, including 124 operations and e-banking managers. To conduct a census, they agreed. The researchers used both primary and secondary sources of information. Both descriptive and inferential statistics were used to study the data. The information was presented in a variety of ways, including tables, charts, graphs, and percentages.	The variables which leads to clients' gratification and their devotion depends on quality of service with reliability, as the key measure to this effect.	The study focused on banking sector which is has different settings to the automotive industry	The study will explore the connection between levels of customer loyalty and service quality characteristics in the automobile sector.
Apondi (2016)	Quality of Service, client's gratification in commercial banks	A survey administered to 300 participants using a stratified random and systematic sampling method was used to gather data.	Customers prefer convenience, therefore banks should adopt human-based or technology based strategies to enable them improve on services. Most bank products are not clearly differentiated and customers resort to distinguishing them on the basis of price and quality	The study focused on banking sector which is has different settings to the automotive industry	The current study will focus on how service quality influences customer loyalty in the automotive industry

Researcher	Study Area	Methodology	Findings	Gap	Present Study focus
Muchogu (2016)	Quality of service, Client gratification and loyalty in three-to-five-star hotels in Nairobi	The research focused on three to five star hotels in Kenya and included 330 of them. Consumers were questioned through a random sampling and received a total of 292 responses. Questionnaires were used to gather data. Descriptive statistics and inferential analysis were used in the analysis.	Most customers were satisfied, because the employees are generally helpful, the staffs were empathetic, there was consistency in services offered, there was reliability and the physical offices were great.	The study focused on hotel sector which is has different settings to the automotive industry	The current study will solely focus on quality of service and clients' loyalty

2.6. Conceptual Framework

This is a graphic tool of research that assists during studies in better understanding the problem and conveying that information to others (Roberts, 2011). In the conceptual framework, one can see the connection between the variables. An independent variable is a variable that affects or determines the result of a dependent variable (Van der Waldt, 2008) as illustrated in Figure 2.1.

Independent Variables   **Dependent Variable**

Service Quality

- Reliability
- Responsiveness
- Assurance
- Empathy

Customer Loyalty

- Trust
- Price tolerance
- Positive word of mouth
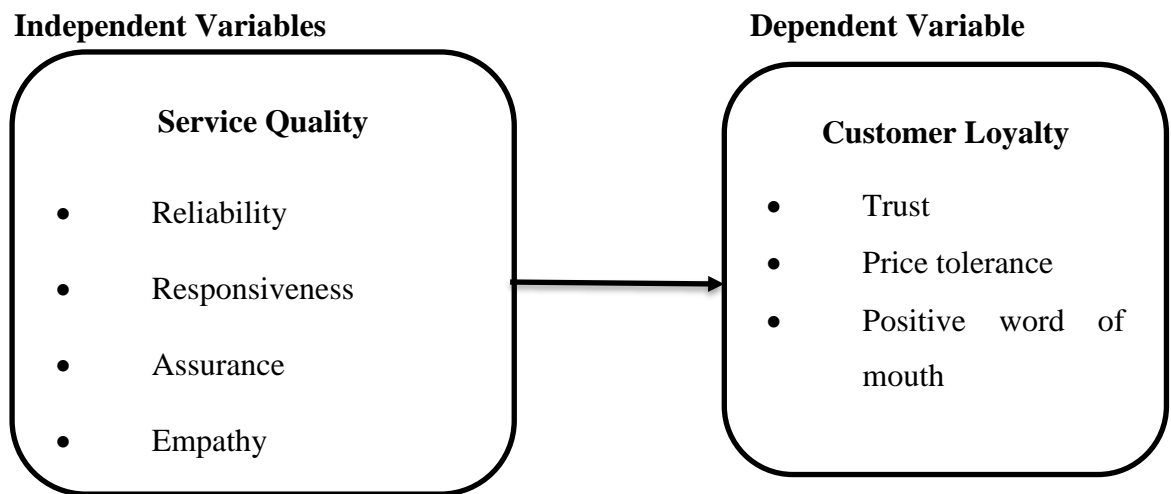
Figure 2.1. Framework on ………………………….

Author (2021)

From Figure 2.1 it is discernible that……………………………

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This section entails study procedure that research was based on. The chapter had the following sub-headings; research plan, analysis, population sample, sample design, data collection techniques and analysis.

3.2. Research Design

This study was based on descriptive research design. According to Dudovskiy (2016), it offers precise information based on different through data collection, allowing researchers to better describe a problem than well than they could without utilizing this technique. In descriptive research, the qualities of variables of interest are ascertained and described in a way that gives an accurate portrayal of the situation (Kombo & Tromp, 2006).

3.3. Population of the Study

As Newman (2000) explains, population refers to a collection of components, objects, and people. Bhattacherjee (2012) points out that a population is a unit of analysis, which is of importance to researchers since they are interested in studying its features. The respondents were the clients of automotive firms, operations managers and service managers. A census survey of the five automotive companies were done targeting the operations managers and service managers. In addition, clients from each firm was selected using convenience sampling method.

The sample was established through the formula below:

$$S = X^2 \, NP \, (1 - P) \div d^2 \, (N - 1) + X^2 \, P \, (1 - P)$$

S = required sample size.

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence

level (3.8416), that is 1.96 x 1.96 = 3.8416

N is the population's size.

P = the percentage of the population (assumed to be 0.50 since this would provide the

maximum sample size).

d = the percentage of correct answers (0.05).

The population and sample selection are shown in the following table.

Table 3.1: Sample size Distribution

Tier	Number of Customers per day	Sample
Toyota	25	24 clients
Cooper Motor Corporation	10	10 clients
Isuzu	20	19 clients
Simba Colt Motors	15	14 clients
DT Dobie	20	19 clients
Operations managers and service managers	10	10 (2 from each firm)
Total	**100**	**96**

The research sought customer feedback and internal feedback. The researcher used

convenience sampling technique to target 86 customers from the selected automotive

companies as well as 10 managers (5 operations managers and 5 service managers from

the 5 firms). The total sample size was 110.

3.4. Data Collection

Questionnaires were used to obtain primary data on measures of quality of service and loyalty of the customers. The employment of questionnaires was believed to be possible, easy, and fast because of the anonymity, convenience, and ease that respondents had in completing them. Compared to other techniques, a questionnaire is quicker and more affordable.

The questionnaire questions were drawn from the service quality and loyalty literature. The questionnaire was used to collect information on demographic factors and used to evaluate the customers' contentment and loyalty of service participants. The loyalty of customers (dependent Variable) items were selected based on observable behavior characteristics including positive word of mouth, price tolerance, and trust. The selection of these items ensured completeness in covering all key aspects of loyalty outcome behaviors.

3.5. Data Analysis

Correlation and regression analysis was used for data analysis. Pearson correlation analysis was performed to discover the connection between service quality and customer loyalty, and to evaluate the degree and importance of the link between the two.

For data analysis, a regression model was employed as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where;

α was model intercept

β_1, β_2, β_3, β_4 and β_5 are the various intercepts

Y was the customer loyalty

X_1 was Tangibles

X_2 was Reliability

X_3 was Responsiveness

X_4 was Assurance

X_5 was Empathy

ε represents the error in the model

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The purpose of the research was to examine the effect of service quality on customer loyalty in the automotive industry in Kenya. The study sought to determine the service quality dimensions adopted by automotive industry in Kenya and establish the relationship between the quality of service and customer loyalty in the automotive industry in Kenya. This include data analysis, findings, and the description of study's key aspects in line with the guiding objectives.

4.2 Response Rate

The quantity of surveys that were managed was 96 and a sum of 85 polls were appropriately filled and returned however a portion of the workers restored the surveys half-filled and hence were excluded from the investigation. The reaction rate result is appeared in Table 4.1.

Table 4.1: Response Rate

Category	Frequency	Percentage
Response	85	88.54
No Response	11	11.46
Total	**96**	**100**

Table 4.1 shows that 88.54% of the questionnaires were comprehensively completed and sent back to the researcher within the stipulated research period. 11.46% of the total number of the questionnaires were issued out to some of the regional offices and the responses had not been received during the response period. This reaction rate is viewed as acceptable to make ends for the examination. Bailey (2000) expressed that a reaction

pace of half is satisfactory while a reaction rate more prominent than 70% is excellent. This infers that dependent on this declaration, the reaction rate for this situation of 88.54% is accordingly generally excellent. The information assortment methodology utilized might have ascribed to this high reaction rate.

4.3 Demographic Characteristics

For the study to establish the influence of service quality on customer loyalty in the automotive industry in Kenya, it was considered important to establish the background information of the respondents which included gender, age group, academic qualification and how long have they have been a customer with this automotive company

4.3.1 Gender

It was the interest of the researcher to establish the gender of the respondents. The study findings are as portrayed in Figure 4.1.

Figure 4.1: Gender

Gender	Frequency	Percentage
Male	47	55
Female	38	45
Total	**85**	**100**

Figure 4.1 indicates that employees from both genders were involved in the study and that majority of the respondents were male who were 55% while the female were 45%.

4.3.2 Age Bracket of the Respondents

In order to determine the age of the respondents, the study was conducted. This was accomplished by dividing up the survey participants into several age categories. Figure 4.2 shows the results.

Figure 4.2: Age Bracket of the Respondents

Age Bracket	Percentage
Over 40 Years	34.2
35-39	30.3
30-34	15.8
25-29	12.5
24 Year and below	7.2

More than three-quarters of consumers are over 40 years old, followed by those between 39 and 39 years old (30.30 percent), those between 30-34 years old (15.80 percent), and those under 24 years old (7.20 percent), according to Figure 4.3 (see below). According to the findings, the majority of responders were middle-aged, which is a positive indicator for the organization's long-term viability.

4.3.3 Level of Education

The goal of the research was to determine the educational level of the participants. Respondents were shown a variety of academic credentials and asked to mark the one that represented their greatest level of success. Figure 4.3 shows the replies.

Figure 4.3: Level of Education

Level of Education	Percentage
Postgraduate	9
Undergraduate	51.3
Certificate or Diploma	35.4
Secondary Education	9.8
24 Year and below	7.2

Employees with undergraduate degrees (51.30 percent) were followed by those with diplomas (35.40 percent) and those with secondary or postgraduate degrees (9.80 and 9 percent, respectively). In this light, it can be argued that the consumers of automobile companies are well-educated, and therefore aware of their service quality and how it influences customer loyalty.

4.3.4 Period of being a Customer with the Automotive Company

Respondents were asked to indicate how long have they have been a customer with the automotive company. The findings were as presented in Figure 4.4.

Figure 4.4: Period of being a Customer with the Automotive Company

Period of being a customer	Percentage
7 years and above	49.4
4-6 years	19.1
1-3 years	14.4
Less than 1 year	17.1

The 49.4% of consumers who have been with the organization for 7 years or more have a relatively consistent tendency, with 19.10%, 17.10%, and 14.40% for those customers who have been with the organization for 4-6 years, below 1 year, and 1-3 years accordingly in the remaining three clusters. Employees who have been in the company

for a fair amount of time and who display variety in knowledge and expertise may be assumed to have a decent amount of time in the company.

4.4 Perceived Service Quality in the Automotive Industry

4.4.1 Perceived Tangibles

In a five-point Likert Scale, respondents were asked to indicate how strongly they agreed or disagreed with several aspects of perceived tangibles. Table 4.2 shows the findings.

Table 4.2: Perceived Tangibles

	N	Mean	Std. Deviation
Modern equipment should be installed in the firm	85	4.31	0.87
The firm should have visually appealing physical installations	85	4.39	0.53
The company should have workers that are well-dressed and tidy.	85	4.10	1.16
The firm pamphlets and statements should be visually appealing	85	4.20	1.08

According to the study findings, majority of the respondents strongly agreed that the firm should have visually appealing physical installations (mean=4.39; SD=0.53), modern equipment should be installed in the firm (mean=4.31; SD=0.87) and that the firm pamphlets and statements should be visually appealing (mean=4.20; SD=1.08) Further, respondents agreed that the company should have workers that are well-dressed and tidy (mean= 4.10; SD=1.16). This is an indication that firm in automotive industry should have visually appealing physical installations, modern equipment should be installed in the firm and that the firm pamphlets and statements should be visually appealing.

4.4.2 Perceived Reliability

A five-point Likert Scale of 1-Strongly Disagree, 2- Disagree, 3- Moderate, 4- Agree, 5- Strongly Agree was provided to the respondents and they were asked to score the different features on perceived dependability. Table 4.3 shows the findings.

Table 4.3: Perceived Reliability

	N	Mean	Std. Deviation
The firm should meet deadlines	85	4.16	0.69
Firm representatives should show genuine concern for clients' issues.	85	4.14	0.98
First-time customers must be serviced properly by the firm	85	4.12	0.78
The firm should perform services when promised	85	4.57	0.65
The firm should have error free records	85	3.90	0.69

According to the study findings, majority of the respondents strongly agreed that the firm should perform services when promised (mean=4.57; SD=0.65), the firm should meet deadlines (mean=4.16 ; SD=0.69) and that firm representatives should show genuine concern for clients' issues (mean=4.14; SD=0.98). Further, respondents agreed that First-time customers must be serviced properly by the firm (mean=4.12; SD=0.78) and that the firm should have error free records (mean=3.90; SD=0.69). This implies that the automotive firms should perform services when promise, the firm should meet deadlines and that firm representatives should show genuine concern for clients' issues

4.4.3 Perceived Responsiveness

A Likert scale of 1 (strongly disagree), 2 (disagree), 3 (moderate agreement), 4 (agree) and 5 (strongly agree) was used to gauge the degree to which the respondents agreed or disagreed with different aspects of the topic of perceived responsiveness by the company. Table 4.4 displays the findings.

Table 4.4: Perceived Responsiveness

	N	Mean	Std. Deviation

	N		
Employees of the firm should provide accurate information	85	3.69	1.14
Members should get timely service from employees.	85	3.90	1.26
It is essential that staff workers be ready to assist other employees.	85	4.02	0.89
Employees should always be available to answer member questions.	85	4.20	0.98

According to the study findings, majority of the respondents strongly agreed that employees should always be available to answer member questions (mean=4.20; SD=0.98) and that it is essential that staff workers be ready to assist other employees (mean=4.02; SD=0.89). Further, respondents agreed that Members should get timely service from employees (mean= 3.90; SD=1.26) and that employees of the firm should provide accurate information (mean=3.69; SD=1.14). This is an implication that at automotive firm employees should always be available to answer member questions and that it is essential that staff workers be ready to assist other employees

4.4.4 Perceived Assurance

A five-point Likert Scale of 1-Strongly Disagree, 2-Disagree, 3-Moderate, 4-Agree, 5-Strongly Agree was provided to the respondents and they were asked to rate the different aspects on perceived certainty. Table 4.5 shows the findings.

Table 4.5: Perceived Assurance

	N	Mean	Std. Deviation
Employees should have a positive impact on members by being confident.	85	4.16	1.03
While doing business with the company, you should feel secure.	85	4.18	0.73
It is critical that employees be genuinely polite to members.	85	4.27	0.91
It's important that staff know how to respond to customer inquiries.	85	4.37	0.73

According to the study findings, majority of the respondents strongly agreed that It's important that staff know how to respond to customer inquiries (mean=4.37; SD=0.73),

it is critical that employees be genuinely polite to members (mean=4.27; SD=0.91) and that while doing business with the company, you should feel secure (mean=4.18; SD=0.73).

Further, respondents agreed that Employees should have a positive impact on members by being confident (mean=4.16; SD=1.03). This implies that it's important that staff know how to respond to customer inquiries, it is critical that employees be genuinely polite to members and that while doing business with the company, you should feel secure.

4.4.5 Perceived Empathy

In a five-point Likert Scale, respondents were asked to indicate how strongly they agreed or disagreed with certain aspects of perceived empathy. Table 4.5 shows the findings.

Table 4.6: Perceived Empathy

	N	Mean	Std. Deviation
The firm should offer individual attention to members	85	4.39	0.76
Operating hours should be convenient for members	85	4.29	0.74
Employees should provide personal services to members	85	3.80	1.43
The firm should have members' best interest at heart	85	4.00	0.87

According to the study findings, majority of the respondents strongly agreed that Company employees should comprehend the particular requirements of the organization's members (mean=4.43; SD=0.76), the firm should offer individual attention to members (mean=4.39; SD=0.76) and that operating hours should be convenient for members (mean=4.29; SD=0.74). Further, respondents agreed that the firm should have members' best interest at heart (mean=4.00; SD=0.87) and that

employees should provide personal services to members (mean=3.80; SD=1.43). This implies that company employees should comprehend the particular requirements of the organization's members, the firm should offer individual attention to members and that operating hours should be convenient for members.

4.5 Expected Service Levels in Automotive Industry

4.5.1 Expected Tangibles

Respondents were given a Likert scale with five options: 1-Strongly Disagree, 2-Disagree, 3-Modest Disagreement, 4-Agree, and 5-Strongly Agree. Table 4.7 displays the findings.

Table 4.7: Expected Tangibles

	N	Mean	Std. Deviation
Modern equipment should be installed in the firm	85	4.08	0.47
The firm should have visually appealing physical installations	85	3.99	0.46
The company should have workers that are well-dressed and tidy.	85	4.34	0.58
The firm pamphlets and statements should be visually appealing	85	4.23	0.88

Findings in Table 4.7 shows that majority of the respondents strongly agreed that the company should have workers that are well-dressed and tidy (mean=4.34; SD=0.58) and that the firm pamphlets and statements should be visually appealing (mean=4.23; SD=0.88). Further, respondents agreed that Modern equipment should be installed in the firm (mean=4.08; SD=0.47) and that the firm should have visually appealing physical installations (mean=3.99; SD=0.46). This implies that the company should have workers that are well-dressed and tidy and that the firm pamphlets and statements should be visually appealing.

4.5.2 Expected Reliability

A five-point Likert Scale of 1-Strongly Disagree, 2- Disagree, 3- Moderate, 4- Agree, 5- Strongly Agree was provided to the respondents and they were asked to score the different features on predicted dependability. Table 4.8 shows the findings.

Table 4.8: Expected Reliability

	N	Mean	Std. Deviation
The firm should meet deadlines	85	3.99	0.60
Firm representatives should show genuine concern for clients' issues.	85	4.48	0.47
First-time customers must be serviced properly by the firm	85	3.97	0.21
The firm should perform services when promised	85	4.57	0.13
The firm should have error free records	85	3.77	0.26

Based on the study findings, respondents strongly agreed that the firm should perform services when promised (mean=4.57; SD=0.13), firm representatives should show genuine concern for clients' issues (mean=4.48; SD=0.47) and that the firm should meet deadlines (mean=3.99; SD=0.60). Further, respondents agreed that first-time customers must be serviced properly by the firm (mean=3.97; SD=0.21) and that the firm should have error free records (mean=3.77; SD=0.26). This implies that the firm should perform services when promised, firm representatives should show genuine concern for clients' issues and that the firm should meet deadlines

4.5.3 Expected Responsiveness

Some qualities of anticipated responsiveness were provided and rated on a five-point Likert Scale ranging from 1 (strongly disagree) to 5 (strongly agree) based on how much they liked or disliked each of them.. Table 4.9 shows the outcomes of the experiment.

Table 4.9: Expected Responsiveness

	N	Mean	Std. Deviation
Employees of the firm should provide accurate information	85	4.07	0.26
Members should get timely service from employees.	85	3.96	0.14
It is essential that staff workers be ready to assist other employees.	85	3.74	0.15
Employees should always be available to answer member questions.	85	3.93	0.14

According to the study findings, majority of the respondents strongly agreed that Employees of the firm should provide accurate information (mean=4.07; SD=0.26) and that members should get timely service from employees (mean=3.96; SD=0.14). Further, respondents agreed that employees should always be available to answer member questions (mean=3.93; SD=0.14) and that it is essential that staff workers be ready to assist other employees (mean=3.74; SD=0.15)

4.5.4 Expected Assurance

The respondents were presented with various attributes on expected assurance and asked to rate in a five point Likert Scale of 1-Strongly Disagree, 2- Disagree, 3- Moderate , 4- Agree, 5- Strongly Agree. The results were as depicted in Table 4.10.

Table 4.10: Expected Assurance

	N	Mean	Std. Deviation
Employees should have a positive impact on members by being confident.	85	3.80	0.67
While doing business with the company, you should feel secure.	85	3.84	0.67
It is critical that employees be genuinely polite to members.	85	3.76	0.79
It's important that staff know how to respond to customer inquiries.	85	4.10	0.39

According to the study findings, majority of the respondents strongly agreed that It's important that staff know how to respond to customer inquiries (mean=4.10; SD=0.39) and that while doing business with the company, you should feel secure (mean=3.84;

SD=0.67). Further, respondents agreed that Employees should have a positive impact on members by being confident (mean= 3.80; SD=0.67) and that it is critical that employees be genuinely polite to members (mean=3.76; SD=0.79). This implies that it's important that staff know how to respond to customer inquiries and that while doing business with the company, you should feel secure.

4.5.5 Expected Empathy

On a five-point Likert Scale, respondents were asked to indicate how strongly they agreed or disagreed with certain aspects of predicted empathy. Table 4.11 shows the findings.

Table 4.11: Expected Empathy

	N	Mean	Std. Deviation
The firm should offer individual attention to members	85	4.07	0.51
Operating hours should be convenient for members	85	4.14	0.42
Employees should provide personal services to members	85	4.15	0.43
The firm should have members' best interest at heart	85	3.84	0.45

According to the study findings, majority of the respondents strongly agreed that employees should provide personal services to members (mean=4.15; SD=0.43), operating hours should be convenient for members (mean=4.14; SD=0.42) and that the firm should offer individual attention to members (mean=4.07; SD=0.51). Further, respondents agreed that company employees should comprehend the particular requirements of the organization's members (mean=3.96; SD=0.40) and that the firm should have members' best interest at heart (mean=3.84; SD=0.45). This implies that

employees should provide personal services to members, operating hours should be convenient for members and that the firm should offer individual attention to members

4.6 Customer Loyalty

On a five-point Likert Scale, respondents were asked to indicate how strongly they agreed or disagreed with certain aspects of customer loyalty. Table 4.12 displays the findings.

Table 4.12: Customer Loyalty

	N	Mean	Std. Deviation
I recommend my firm to my family and friends	85	4.33	0.77
I make positive comments about my firm	85	4.32	0.92
In my experience, I exclusively utilize my present service provider when dealing with motor vehicle servicing issues.	85	4.14	1.00
If a company does not address a present or future issue, I will change service providers.	85	4.00	1.11
I am likely to use the company's services even if I relocate to a new residence or place of work in Nairobi.	85	3.99	0.92
I will utilize the motor vehicle services provided by the business for the following six months.	85	3.98	3.62
If another business offered a lower price, I would shift my allegiance.	85	3.97	0.89

According to the study findings, majority of the respondents strongly agreed that they recommend their firm to their family and friends (mean=4.33; SD=0.77) , they make positive comments about their firm (mean=4.32; SD=0.92), in their experience, they exclusively utilize their present service provider when dealing with motor vehicle servicing issues (mean=4.14; SD=1.00) and that if a company does not address a present or future issue, they will change service providers (mean=4.00; SD=1.11). Further, respondents agreed that they are likely to use the company's services even if they relocate to a new residence or place of work in Nairobi (mean=3.99; SD=0.92), they will utilize the motor vehicle services provided by the business for the following

six months (mean= 3.98; SD=3.62) and that if another business offered a lower price, they would shift their allegiance (mean=3.97; SD=0.89). This is an indication that customers recommends their firm to their family and friends, they make positive comments about their firm, in their experience, they exclusively utilize their present service provider when dealing with motor vehicle servicing issues and that if a company does not address a present or future issue, they will change service providers

4.6 Regression Analysis

In order to test the effect of service quality on customer loyalty in the automotive industry in Kenya, multiple regression was done.

Table 4.13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.804053	0.646501	0.616543	1.035581

a. Predictors: (Constant), service quality

The results in Table 4.13 indicate that service quality had a joint significant effect on customer loyalty in the automotive industry in Kenya as shown by r value of 0.804. The R squared of 0.646 shows that the independent variable accounted for 64.6% of the variance on customer loyalty in the automotive industry in Kenya. Other factors not included in the study affect customer loyalty in the automotive industry in Kenya by 35.4%

Table 4.14: ANOVAª

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	123.56	5	24.712	21.581	0.000
	Residual	90.455	79	1.145		
	Total	**214.015**	**84**			

a. Dependent Variable: customer equity
b. Predictors: (Constant), service quality

Using ANOVA, we can see that the model as a whole has enormous size, since the centrality level of 0.000 was considerably below the 5 percent threshold. A lot more money went into this than the baseline estimate of 3.01, which was supported by the F This is a strong evidence that customer loyalty in the automobile business in Kenya is boosted by excellent service.

Table 4.15: Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	3.936	0.765		5.145	0.0000
Tangibles	0.741	0.236	0.646	3.140	0.0032
Reliability	0.667	0.215	0.526	3.102	0.0035
Responsiveness	0.737	0.123	0.645	5.992	0.0000
Assurance	0.549	0.2654	0.442	2.069	0.0452
Empathy	0.463	0.179	0.142	2.587	0.0135

The overall regression model was:

$$Y = 3.936 + 0.741X_1 + 0.667X_2 + 0.737X_3 + 0.549X_4 + 0.463X_5.$$

Tangibles has a positive influence on customer loyalty in the automotive industry in Kenya. It indicates that any unit increase in the tangibles will cause customer loyalty in the automotive industry in Kenya to increase by 0.741. Increase in reliability was confirmed to cause an increase in the customer loyalty in the automotive industry in Kenya due to the positive effect by 0.667. Responsiveness showed a positive impact on customer loyalty in the automotive industry in Kenya which means that it increases customer loyalty in the automotive industry in Kenya by 0.737 as a result of a unit increase. In addition, assurance showed a positive impact on customer loyalty in the automotive industry in Kenya which means that it increases customer loyalty in the automotive industry in Kenya by 0.549 as a result of a unit increase. Empathy increases

customer loyalty in the automotive industry in Kenya positively by 0.463. The significance values indicate that all the independent variables were significant as they all had a significance level of less than 0.05. The highly significant variable was responsiveness followed by tangibles.

4.7 Discussion of Findings

In Kenya, Tangibles have a favorable impact on client loyalty in the automobile business. Customer loyalty in Kenya's automotive sector increases by 0.741% for every unit rise in tangibles, according to this study. Customer loyalty in Kenya's automotive sector was shown to rise by 0.667 as a result of an improvement in dependability. In the automotive sector in Kenya, responsiveness had a positive influence on customer loyalty, which implies that it increased customer loyalty by 0.737 as a consequence of a unit increase. As a consequence, customer loyalty in Kenya's automotive sector increased by 0.549 points as a result of a unit rise in assurance, according to the findings. Empathy has a favorable impact on client loyalty in Kenya's automotive sector by 0.463. The significance values show that all of the independent variables had a significance level of less than 0.05, which indicates that they were all significant.

It was responsiveness that was the most important factor, followed by tangibles. Research shows that customer loyalty increases when service quality is greater, in accordance with results from Aydin and Ozer (2005). When consumers are willing to purchase again, spend more, acquire extra services, become less price sensitive and spread the word about their excellent experiences, they are more likely to stay loyal. The fact that a customer considers a firm to be their first option when making a purchase shows that they are more likely to spread the word about a company's positive brand

image (Khalifa et al., 2011). Customer perceptions and expectations are more crucial than ever before because to the SERVQUAL methodology (Khudhair et al., 2019). Oliver (1997) and Gee et al. (2008) argue that every engagement with a client is an opportunity to improve service and differentiate the firm from its competitors. Despite the importance of customer loyalty to a company's survival, the relationship between the two is unusually weak. In the telecom business, customer loyalty and service quality have not been researched. Furthermore, the nature of the connection is still hotly debated (Ramzi & Mohamed 2010). Customers in Turkey likewise agree that excellent service is necessary, but they argue that it is not enough to build long-term loyalty (Aydin & Ozer, 2005).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

It summarizes the facts, conclusions and suggestions that were drawn from the study's findings in this chapter. Identifying the service quality characteristics used by Kenya's automotive sector, establishing the link between service quality and customer loyalty, and comparing consumers to the industry were three of the study's main goals.

5.2 Summary

The study revealed that firm in automotive industry should have visually appealing physical installations, modern equipment should be installed in the firm and that the firm pamphlets and statements should be visually appealing. In addition, the study revealed that automotive firms should perform services when promise, the firm should meet deadlines and that firm representatives should show genuine concern for clients' issues

Moreover, the study established that automotive firms' employees should always be available to answer member questions and that it is essential that staff workers be ready to assist other employees. Also, it was revealed that it's important that staff know how to respond to customer inquiries, it is critical that employees be genuinely polite to members and that while doing business with the company, you should feel secure. Further company employees should comprehend the particular requirements of the organization's members, the firm should offer individual attention to members and that operating hours should be convenient for members.

5.3 Conclusion

Customer loyalty is based on the satisfaction of a customer's expectation, which is derived from previous purchases, the opinions of friends and relatives, and information from the marketer or a co-worker (Kotler & Amstrong, 2012). The customer's expectation comes from the experience of previous purchases, the opinions of friends and relatives, and an information from the marketer or a co-worker (Caruana, 2002). Based on the research, client loyalty is influenced by service quality in terms of tangibility.

Customer loyalty in Kenya's automobile sector is positively influenced by tangibles, according to the findings of this research. Customers in Kenya's automobile sector would be more loyal if sales of tangibles go up, according to this study. Reliability has been shown to have a favorable influence on customer loyalty in Kenya's automobile sector. A unit increase in responsiveness has a positive effect on customer loyalty in the automotive industry in Kenya, which indicates that customer loyalty in the automotive industry in Kenya is increased as a consequence of responsiveness. Customer loyalty in Kenya's automotive business was positively impacted by assurance, which indicates that customer loyalty in Kenya's automotive industry was positively impacted by a rise in unit sales. Empathy has a favorable effect on client loyalty in Kenya's automobile business. It is clear from the significance values that all the independent variables were statistically significant. It was responsiveness that was the most important factor, followed by tangibles.

5.4 Recommendations

Following the study's results and conclusions, car companies may implement a variety of suggestions aimed at enhancing customer loyalty. Following are the study's management implications and suggestions. In order to have a competitive edge and to boost profitability, automotive companies should develop customer loyalty improvement programs to establish and sustain long-term connections with consumers. A long-term commitment and a knowledge of service quality and customer satisfaction from the viewpoint of the automobile businesses' customers are required for them to pursue client loyalty as a marketing strategy. The multi-dimensional concept of client loyalty should be used by the management of automotive companies. Research shows that these two factors work together to increase client loyalty. For managers who want to preserve their competitiveness in the marketplace, this research provides a framework for thinking about automobile businesses' service quality and its link to customer happiness and customer loyalty.

The study established that service quality enormously affects customer loyalty and that there exist a strong positive relationship between service quality and customer loyalty. These put into perspective the service quality elements namely; tangibility, responsiveness, reliability, assurance and empathy. The customer expected service level with respect to tangibility in respective automotive firms so as to improve on their membership loyalty. This is described through service quality elements. The automotive firms' management should provide services basing on SERVQUAL model of tangibility, responsiveness, reliability, assurance and empathy. The Tangibility should be able to able to improve on customer loyalty through having neat employees, modern equipment, physical installation and automotive firms marketing material

should be appealing. The automotive firms should be reliable in a manner that it should provide services correctly, meet deadline, perform services when promised, and address members' problems. The responsiveness in the respective automotive firms should reflect on the employees being able to give prompt information, providing accurate information, willing to help and employee and clarify member's doubts. Assurance in the respective automotive firms should provide an avenue to improve membership loyalty through; employee being able to show courtesy, instill confidence in members, provide safety during transacting at the automotive firms and have knowledge for queries when asked by members. On the other hand, empathy in the respective automotive firms should improve the membership loyalty rate. This can be shown by; employee being able to understand specific need of members, convenient operating hours, provision of personal service to members, and to have members interest at heart and automotive firms should offer attention to members. The automotive firms should adopt and use SERVQUAL model and the entire element so as to improve on customer loyalty.

5.5 Limitations of the Study

Most respondents were eager to fill in the questionnaires and provide information however some were reluctant to provide information since they viewed the company information as very confidential. Some respondents were also reluctant since they had fear that the same would be used against them. Furthermore, being in the automotive firms, most of the targeted respondents worked on very busy schedules. This made them take some time to fill in the questionnaires at the last minute. The researcher had to assure the respondents that the information obtained was purely for academic purposes hence the formal introductory letter by the University.

5.6 Suggestions for Further Research

The data gathering was partial and delved on the use of semi-structured questionnaires, more highly developed data compilation methods to be used for future research namely. There is a grim need to do further research on other factors that affect customer loyalty which could be used alongside service quality that might add much to customer loyalty in automotive firms in Kenya.

According to the researcher, an automotive business should do a similar study to see how automation affects customer satisfaction and loyalty. According to the researcher, a future study should examine how each automated service quality influences customer loyalty.

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APPENDICES

Appendix I: Introductory Letter

RE: REQUEST TO COLLECT DATA FOR ACADEMIC RESEARCH

I am Kenneth Kipchirchir Lagat pursuing MBA program at University of Nairobi. As part of the requirements for the award of degree, I am required to undertake a research study in order to foster practical skills. Accordingly, I will be conducting a study on the **'Service Quality and Customer Loyalty in The Automotive Industry in Kenya'**, and I have identified your firm for purposes of data collection during the study.

The letter is aimed at seeking your authorization to collect data through interviewing some of your staff dealing with service quality and customer loyalty and with background information of the firm. Your responses and support during data collection will significant in helping me summarize the study findings as well as the study conclusion. Additionally, I will be able to come up with the necessary recommendations for the study. The data collected will be purely for academic purposes. Finally, the identification of the respondents will be held in confidence.

Yours Sincerely,

Kenneth Kipchirchir Lagat

Appendix II: Questionnaire

Your kind cooperation and participation will be very useful in providing relevant information, which will be required to complete this research. The information that you provide for this purpose will be treated in utmost confidence. You may not indicate your name.

Part A: General Background Information

Section A: Demographic Information

1. Gender?

   a) Male (   )   b) Female   (   )

2. Age category?

   a) 24 yrs. and below   [   ]   b) 25-29   [   ]

   c) 30-34   [   ]   d) 35-39   [   ]

   e) Over 40 years   [   ]

3. What is your highest education level?

   a) Secondary education   [   ]   c) Certificate or diploma [   ]

   d) Graduate   [   ]   e) Postgraduate   [   ]

4. How long have you been a customer with this automotive company?

   a) Less than 1 Year   [   ]   b) 1-3 Years [   ]

   c) 4-6 Years   [   ]   d) 7 Years and above [   ]

Section B: Perceived Service Quality in the automotive industry

5. Indicate agreement to these statements on perception of service quality as a customer? Rank them

(1 = Strongly Disagree 2= Disagree 3=Neutral 4 = Agree 5= strongly Agree)

A. Tangibles					
Statement Criteria	**1**	**2**	**3**	**4**	**5**
The firm has modern looking equipment					
The firm has visually appealing physical installations					
The firm has well-dressed and neat employees					
The firm pamphlets and statements are visually appealing					
B. Reliability					
The firm meets deadlines					
The firm addresses your problems with genuine interest					
The firm provide services correctly for the first time					
The firm performs services when promised					
The firm has error free records					
C. Responsiveness					
Employees in the firm provide accurate information					
Prompt service is provided by employees at the firm					
The firm's employees are always ready to assist you.					
Your questions are never ignored by staff members					
D. Assurance					
You have trust in the firm because of the workers' behavior.					
The firm will keep you secure throughout your financial activities.					
The firm's employees treat you with courtesy at all times.					
The firm's staff is fully capable of responding to your inquiries.					
E. Empathy					
The company offers each person special attention.					
Members find it easy to schedule appointments when the facilities are open.					
Members get personalized attention from employees.					
The company is concerned about your interests.					
The firm's employees have a complete understanding of your particular requirements.					

Section C: Expected Service Levels in Automotive Industry

6. Indicate agreement with how expectation levels with the quality of service offered by the firm. Rank them

(1 = Strongly Disagree, 2= Disagree, 3=Neutral 4 = Agree, 5= Strongly Agree)

A. Tangibles					
Statement Criteria	**1**	**2**	**3**	**4**	**5**
Modern equipment should be installed in the firm					
The firm should have visually appealing physical installations					
The company should have workers that are well-dressed and tidy.					
The firm pamphlets and statements should be visually appealing					
B. Reliability					
The firm should meet deadlines					
Firm representatives should show genuine concern for clients' issues.					
First-time customers must be serviced properly by the firm					
The firm should perform services when promised					
The firm should have error free records					
C. Responsiveness					
Employees of the firm should provide accurate information					
Members should get timely service from employees.					
It is essential that staff workers be ready to assist other employees.					
Employees should always be available to answer member questions.					
D. Assurance					
Employees should have a positive impact on members by being confident.					
While doing business with the company, you should feel secure.					
It is critical that employees be genuinely polite to members.					
It's important that staff know how to respond to customer inquiries.					
E. Empathy					
The firm should offer individual attention to members					
Operating hours should be convenient for members					

Employees should provide personal services to members					
The firm should have members' best interest at heart					
Company employees should comprehend the particular requirements of the organization's members.					

Section D: Customer Loyalty

7. Indicate agreement with the following statements on customer loyalty? Rank by placing a tick at the appropriate place with

(1 = Not at all 2=Neutral 3 Somehow 4= Some What 5= Very Much)

Statement Criteria	1	2	3	4	5
I recommend my firm to my family and friends					
I make positive comments about my firm					
In my experience, I exclusively utilize my present service provider when dealing with motor vehicle servicing issues.					
If a company does not address a present or future issue, I will change service providers.					
I am likely to use the company's services even if I relocate to a new residence or place of work in Nairobi.					
I will utilize the motor vehicle services provided by the business for the following six months.					
If another business offered a lower price, I would shift my allegiance.					

8. Do you trust and believe in your present motor vehicle service provider??

Yes   [ ]   No   [ ]

Explain your answer

……………………………………………………………………………………

……………………………………………………………………………………

THANK YOU