SERVICE QUALITY AND CUSTOMER SATISFACTION IN KENYA AIRWAYS CARGO OPERATIONS

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A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

2014

DECLARATION

This research project is my original work and has not been submitted for an academic award in any institution.

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DEDICATION

I dedicate this research project to my family, friends and colleagues without whose constant support and encouragement this would not have been possible.

ACKNOWLEDGEMENTS

My eternal gratitude goes to the Almighty God for the much needed strength, courage and good health during this journey. I am very grateful to my supervisors Mr. Akelo and Mr. Mageto for the intellectual advice and encouragement that they have given me. I am also indebted to my mother Prof. Maria Adhiambo and many others whom, though I may not mention each by name, have made a significant contribution in the course of this research to see it to completion.

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ABBREVIATIONS AND ACRONYMS

KQ	-	Kenya Airways Ltd
TQM	-	Total Quality Management
QFD	-	Quality Function Design
SOP	-	Standard Operating Procedures
KCAA	-	Kenya Civil Aviation Authority
JKIA	-	Jomo Kenyatta International Airport

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ABSTRACT

The aim of this study is to establish how perceived service quality impacts customer satisfaction in airline cargo operations. Specifically the study seeks to identify the key determinants of service quality in airline cargo operations with the case of Kenya Airways Cargo and to determine customer satisfaction levels. The study will adopt a descriptive survey design. The population will comprise agents who send or receive cargo using Kenya Airways cargo. A sample of 110 agents will be randomly selected for the study. Purposive sampling will be used to select the Cargo Centre at JKIA Nairobi as the study site. The study will rely on data collected through a questionnaire structured to meet the objectives of the study. The questions will be both open ended and closed ended. The process of data analysis will involve data clean up and explanation. The SERVQUAL instrument containing 22 statements will be adapted to measure the performance across the five dimensions using a five point liker scale measuring both customer expectations and perceptions. Responses in the questionnaires will be tabulated, coded and processed with the aid of a statistical software package for data analysis. The responses from the open-ended questions will be listed to obtain proportions appropriately. The study is significant as it would provide the management of the airline, in this case Kenya Airways, information that they can leverage on to improve on service quality of the cargo operations for customer satisfaction and retention as a profit strategy. It will also add to the knowledge required to assist policy makers and regulatory bodies make decisions that would change the way operations are carried out.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Prior to 1990, customer satisfaction was rarely proposed as a key organizational goal, however, in more recent years, customer satisfaction has become a lead indicator that predicts future consumer behavior (Hill, Roche, & Allen, 2007). As many industry sectors mature, competitive advantage through high quality service is an increasingly important weapon for business survival. With this realization, service firms are adopting quality management approaches to ensure that customer satisfaction is achieved.

Several factors differentiate goods from services, however the simultaneous production and consumption is a critical aspect of service because it implies that the customer must be in the production system when production takes place. It is generally understood that if the customer's qualitative expectations are not met at any stage of production then there is likelihood that the customer will not be satisfied. Excellent service and customer satisfaction is results in profits because it results in new customers, more business with existing customers, fewer lost customers, more insulation from price competition and fewer mistakes requiring service recovery and redelivery (Berry, Parasuraman, & Zeithaml, 1994). Consumers of the various services are also becoming increasingly critical of the quality of service they experience and this dictates that organizations must incorporate the customers in operational decision making process.

1.1.1 Service Quality

Quality has transitioned from being an order qualifier to an order winner (Hill, Roche, & Allen, 2007). Order winners describe those attributes of a product that are key to the customer and result in customer satisfaction and long-term relationships. Consumers tend to use order winners in their selection of a service provider. Knowledge about goods quality is insufficient in defining service quality since service quality is more difficult for the consumer to evaluate than physical product quality. Quality of service delivered is an internal concept measured by comparing what is delivered with the standards set. These standards are influenced by several factors which determine the customer's level of expectation. Parasuraman et al. (1985), in developing the service quality model, defined service quality as the gap between the expected service and perceived

performance. Quality and its requirements are not easily articulated by consumers and can be simply defined as meeting the customer's requirements. Other authors have defined it as the totality of feature or characteristics of a product or service that bears on its ability to satisfy stated or implied needs (Crosby, 1979).

Parasuraman et al. (1985) provided a list of ten determinants of service quality as a result of their focus group studies with service providers and customers: access, communication, competence, courtesy, credibility, reliability, responsiveness, security, understanding and tangibles. Different models for the assesssment of service quality have been developed based on the idea that service quality is a function of expectations, performance and gaps. Gronroos (1984) found that the two fundamental dimensions that have an impact on the experienced service and the derived customer's perceived service quality are the technical quality dimension and the functional quality dimension. On the other hand, The SERVQUAL model developed by Parasuraman et al. breaks down service quality into five principle dimensions customers use to judge service quality including reliability, responsiveness, assurance, empathy and tangibles. (Fitzsimmons & Fitzsimmons, 2006).

1.1.2 Customer Satisfaction

Satisfaction is the most appropriate description for the range of attitudes and feelings that the customer holds about their experiences with an organization, its products and services (Hill, Roche, & Allen, 2007). Anderson et al. (1993) conceptualizes customer satisfaction as the overall evaluation based on the total purchase and consumption experience within a good or service over time while Wilton (1988) defines customer satisfaction as the customer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product or service as perceived after its consumption. In these definitions, a comparison is drawn between the customer's personal expectations and the performance of the product or service.

Customer satisfaction provides a leading indicator of future consumer purchase intentions and loyalty (Hill, Roche, & Allen, 2007). Smith (2014) examined four fundamentals measurements dimensions including perceived quality, loyalty, attributed satisfaction and intention to repurchase as useful insights in measuring overall customer happiness. On the other hand, Berry and Parasuraman (1991) identified expectations, perceived delivery of product/ service, confirmation/disconfirmation and complaining behavior as key dimensions of customer satisfaction.

1.1.3 The Airline Industry

An airline is a company that provides air transport services for travelling passengers and freight. Airlines lease or own the aircraft with which they supply these services and may form partnerships or alliances with other airlines for mutual benefit. Generally, airline companies are recognized with an air operating certificate or license issued by a governmental aviation body. In Kenya, this is done by the Kenya Civil Aviation Authority. Airline services can be categorized as being intercontinental, intra-continental, domestic, regional, or international, and may be operated as scheduled services or charters.

Different airlines have different operating models ranging from all-cargo airlines to passenger airlines and 'combination' carriers which offer both passenger and cargo capacity. All-cargo airlines operate aircraft which are commonly referred to as 'freighters' while combination carriers offer cargo capacity that is shared on passenger flights. In combined passenger and cargo operations, service quality determinants will vary compared to pure freighter operations where the aircraft used is fully configured for cargo loading purposes and has no considerations for passenger seating in its design. Cargo operations are guided by the nature of cargo/goods that are being transported by an airline and these could include live animals, pharmaceutical supplies, machinery and horticultural products. In today's modern world, carriage of live animals by air is considered the most humane and fastest method of transportation over long distances. Similarly, airline cargo services also caters for transportation of pharmaceutical and horticultural products in the most efficient way possible to ensure cool-chain integrity is maintained and product quality preserved.

International Air Transport Association (IATA) in March 2010 reported that passenger demand on average grew by 10.3%, while cargo demand grew by 28.1%. IATA has a registered membership of 230 airlines which account for 93% of world air traffic volume. These figures indicate a higher growth rate in cargo operations compared to passenger operations. The industry is currently faced with rising fuel prices and decreasing profit margins. Survival is therefore dependent on an airline's ability to enhance their competitive advantage. As the passenger business becomes more cut throat, airlines are looking into improving cargo operations as it has a significant effect on the profits. Asian, Middle Eastern and European carriers already regard cargo as a more integral part of business. Korean Air, one of the biggest cargo airlines in the world, generates about 30 per cent of its revenues from cargo. Airlines such as Korean Air, China Air Lines, Singapore Airlines, Lufthansa and Air France-KLM (which are known as combination carriers) operate freighters as well as offering belly-hold capacity under what is termed 'line exploitation' of their extensive networks. Almost all Asian network airlines are highly attuned to the air cargo industry because of the nature of their national economies which thrive on their exports to other countries. Meanwhile, in pursuit of global air-service hubs, Middle Eastern carriers such as Emirates, Etihad, Qatar and Abu Dhabi-based cargo operator Maximus Airlines regard carrying air cargo as a vital business activity (Aviation Media, 2014).

Kenya Airways Ltd. (KQ), established in 1977, is a leading airline that provides passenger and cargo transportation over regular routes and on regular schedules. The airline's business model is a combination of passenger and freight operations (KenyaAirways, 2014). Kenya Airways Cargo was formally launched as a division of Kenya Airways responsible for optimizing the cargo belly capacity on Kenya Airways passenger aircraft and developing a freighter network using dedicated cargo aircraft. Through the central hub of Jomo Kenyatta International Airport (JKIA) – KQ Cargo has been able to serve a vast regional and international network that stretches from London & Amsterdam in Europe to Johannesburg in the South, and from Dubai, Bangkok and Guangzhou in the East to Accra, Abidjan and Dakar in the West. Kenya Airways operates direct flights to over 26 destinations and together with strategic partner airlines, it provide cargo connections to over 100 destinations (Cargo, 2014). During the financial year 13/14, KQ reported an increase in the volume of cargo carried by 2.1% compared to the previous year following the conversion of two aircraft from passenger

airplanes to freighters (Kenya Airways Ltd, 2014). With this progression, the airline needs to understand the customer needs and expectations specific to cargo operations to grow the business and increase its revenue.

1.2. Statement of the Problem

One of Kenya Airways' missions is to maximize stakeholder value by consistently providing the highest level of customer satisfaction. This mission captures the relationship that the organization seeks to establish and sustain with its customers for it to remain profitable and can only be achieved when the quality of service delivered meets the expected service quality perceptions of the customers. The airline industry being highly regulated, also puts pressure on the organization to set high service quality standards for both passenger and cargo operations that will exceed the industry regulatory requirements. It is generally understood that though profitability is a function of several factors, no organization can remain profitable without customers.

Many studies focusing on service quality and customer satisfaction have been done across other industries. A study by Yap (2007) on the relationship between Service Quality, Customer Satisfaction and Customer's Re-patronage Intentions in the context of the restaurant industry indicated that service quality and customer satisfaction had a direct positive effect on customer's re-patronage intentions. Mosahab (2010) used the service quality standard model for evaluation of service quality and evaluated loyalty and customer satisfaction focusing on the banking industry. The results of this research showed that customer satisfaction plays a mediatory role between service quality and service loyalty. Similarly Chich-Jen (2006) while studying perceived quality of library services established that all five dimensions of service quality except responsiveness have a significant positive effect on overall user satisfaction.

A study by Jensen (2009) on Service Quality in Low Cost Airline in Copenhagen Airport found that the dimensions of reliability and assurance are considered important to the overall in-flight experience whereas the tangibles dimensions are perceived rather unimportant. This study focused on in-flight service quality and established that there are significant differences between various passenger segments. Tolpa (2012) studied Measuring Customer's Expectations of Service Quality in the Airline Industry in Finland and concluded that

customers value basic services in the service process such as information on tickets and flight schedule, communication in case of flight delay as well as no delays in baggage delivery. According to the findings from Tolpa, no significant differences were found between male and female passengers and respondents and the focus was specific to mid-range network carriers.

Angero (2011) in his study of Capacity Sharing and Quality of Service among selected Airlines in Kenya reviewed the existing code share agreements in the industry and identified the challenges posed to service quality as a result. According to this study capacity sharing results in different service levels since different airlines have different service standards and this has a negative impact in the overall assessment of service quality. Manani (2012) in his study of Service Quality and Customer Satisfaction at Kenya Airways investigated how perceived service quality impacts customer satisfaction among airline passengers and found that the major determinants of service quality included assurance and responsiveness.

Although all the studies above indicate the existence of a direct relationship between service quality and customer satisfaction, there are significant differences between the airline industry and banking, restaurants and libraries where some of these studies were conducted. Similarly Jensen (2009), Angero (2011), Tolpa (2012) and Manani (2012) in their studies of the airline industry have solely focused on passenger operations hence a gap still exists in understanding service quality and customer satisfaction in airline cargo operations which this study aims to address. This study was based on the Kenyan airline industry with focus on Kenya Airways Ltd. The service quality model provided a framework for this study and an important baseline study upon which future research in this area can be built on. The emerging research questions were: 1) what are the key determinants of service quality in cargo operations? 2) are customers satisfied with cargo operations at Kenya Airways? 3) How does perceived service quality impact customer satisfaction in airline cargo operations at Kenya Airways?

1.3. Research Objective

The objectives of this research included:

(i.) To establish the determinants of service quality in cargo operations

(ii.) To determine customers satisfaction levels with Kenya Airways cargo operations

(iii.) To determine the relationship between perceived service quality and customer satisfaction in Kenya airways cargo operations

1.4. Importance of the Study

This study is intended for the generation of additional knowledge in the academic fields of service quality and airline cargo operations. The gaps that will be identified will create room for further research in service quality and customer satisfaction in airline cargo operations.

To the airline under study, the findings will assist the management in understanding the needs and expectations of their cargo customers and respond positively to it. This in turn will contribute towards repeat business and enhance the revenue generated.

This study is also expected to increase the customers' awareness concerning airline service quality with regard to cargo operations and enable them demand for better services. This will aid the airline industry in formulation of strategies for improved quality management to ensure customers satisfaction and adoption of best practices.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

The purpose of this chapter is to set the study subject in a broader context through investigation of the relevant literature. The review will cover discussion on service quality construct and its determinants, models for measuring service quality and the interplay between service quality and customer satisfaction. Key theories and arguments in the literature have been identified from a wide range service quality, customer satisfaction and airline management literature.

2.2. Service Quality

Quality is often used to signify "excellence" of a product or service. People talk about "Rolls-Royce Quality" and top quality. Quality is also defined as meeting the customer requirements. Crosby defines it as conformance to requirements while Juran refers to it as fitness for purpose. By consistently meeting customer requirements we can move to a different plan of satisfying and delighting the customer (Oakland, 2000). The most significant change in managing for quality in recent years is the focus on customer satisfaction as the prime organization objective. According to Cartin (1999), satisfying customer needs and expectations has become the driving force for quality improvement however; most organizations in the service sector do not have a tradition of managing for quality or identifying and assigning responsibility for quality activities. An organization needs to identify processes that are highly important to customers and their satisfaction rating. A gap analysis should then be conducted based on this to be able to identifying the primary process and if the company had existing work areas or processes that were aligned to meet this needs.

Service Quality is founded on a comparison between what the customer feels should be offered and what is provided (Parasuraman, Zeithaml and Berry, 1985). Quality of service delivered is an internal concept measured by comparing what is delivered with the standards set. Parasuraman et al. (1985), in developing the service quality model, defined service quality as the gap between the expected service and perceived performance. Quality evaluations are however not made solely on the outcomes of a service; they also include the evaluation of the process of service delivery. In airline services as with other players in the hospitality

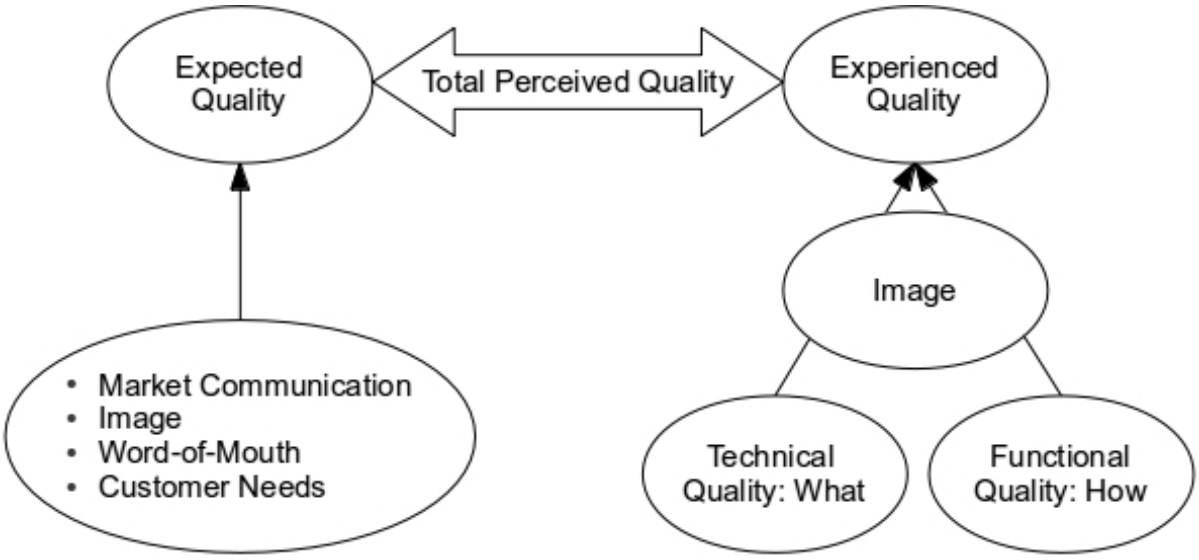
industry, every interaction between a consumer and a service provider is a “moment of truth.” The wide range of customers who consume services offered by an airline make it even more difficult to design a service that will meet the all the customers’ expectations.

Different models for the assesssment of service quality have been developed based on the idea that service quality is a function of expectations, performance and gaps. Approaches to the concept of service quality based on two different measurement models will be introduced and discussed in regard to the specific research purpose at hand.

2.2.1 The Gronroos Quality Model

Gronroos (1984) found that two fundamental dimensions have an impact on the experienced service and the derived customer’s perceived service quality. These two dimensions are the technical quality dimension and the functional quality dimension and can be found in the right side of Figure 2.1 below.

Figure 2.1: Gronroos’ Quality Model



Source: Gronroos, 1988

'Technical quality' represents what the customer actually receives from the total service as a result of the process and is further known as the outcome dimension. Services are designed to produce a somehow 'tangible' outcome and therefore customers can think of the quality of services varying according to the outcome received (GrÖnroos, 1990). In the airline industry the technical quality dimension would be the flight from one destination to another. Frequently, this measurement can be measured rather objectively by customers because of its nature, being a technical solution to a problem.

'The functional quality' dimension is how the customer receives the service and it concerns the process of delivering the service. The process delivery is conceived of as the "moment of truth because it encompasses the pivotal moment in the service experience where the business is truly exposed to the customer through different levels of customer interaction, e.g. human-to-human interaction or technology-to-human interaction (Svenson, 2006). These personal or non-personal interactions will evidently affect the customers' evaluation of the perceived service quality. Hence, the evaluation is related to the psychological level of performance and could be based on the behavior of the company's employees, the skills of the employees or the accessibility of the personnel needed in the process.

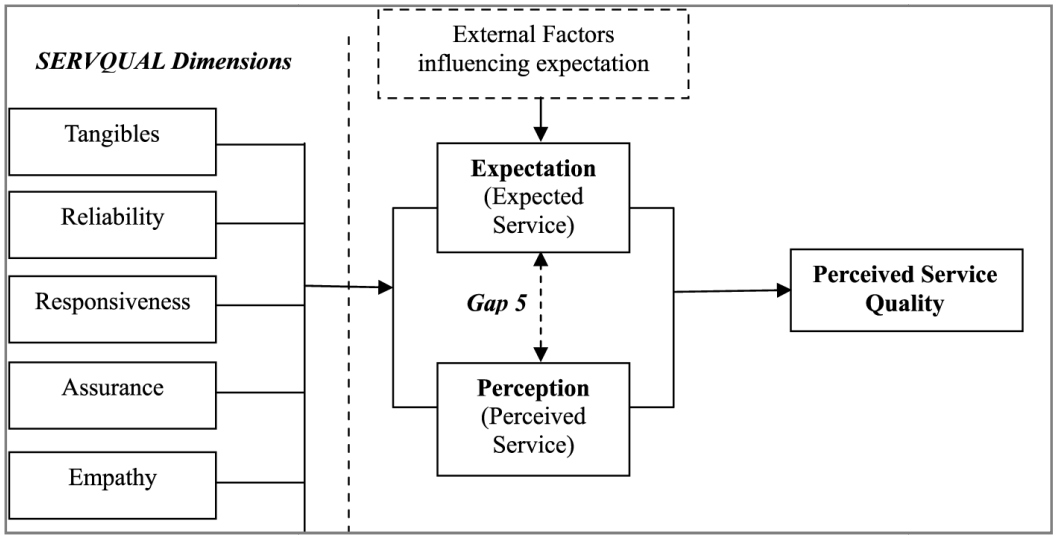
A third dimension identified by Gronroos is the corporate image of the service supplier i.e. the customers' view of the company. The 'image bubble' is placed in the right side of Figure 2.1 and functions as a buffer or filter for the technical and functional quality. For instance, if the customer is often disappointed with the condition of his cargo upon arrival, the customer's image of the airline company will deteriorate. The left side of the figure highlights that customers draw their expectations from image, market communication, word of mouth and their needs (Gummesson & Grönroos, 1987).

2.2.2 The SERVQUAL Model

Zeithaml et al. (1990) presented a generic model and measurement system for perceived service quality, which is the SERVQUAL model. The model prior to SERVQUAL is "the gap model" by the same authors. The gap model presents 5 different gaps which a company should avoid. Gap 5, known as the customer gap,

represents the specific construct measured upon in the SERVQUAL model. Parasuraman and colleagues found that regardless of the types of service, consumers use basically similar criteria in evaluating service quality. They recognized the idea that service quality is a function of expectations, performance and the gaps, and conducted a broad-based exploratory study. They developed and refined the SERVQUAL, a multiple item instrument to quantify customer's global assessment (as opposed to transaction specific) assessment of a company's service quality. Their scale involved expectation-perception gap scored along five dimensions of reliability, responsiveness, assurance, empathy, and tangibles. (Parasuraman et al., 1985) Wherever a difference exists, it is classified as a gap (Metters, King-Metters, Pullman, and Watton, 2006). The generic SERVQUAL model is illustrated below in Figure 2.2.

Figure 2.2: The SERVQUAL Model



Tangibles: The appearance of physical facilities, equipment, personnel and communication materials in the service process, such as cleanliness, appearance of staff and appropriate technical equipment for support and entertainment. In an airline, this may include the check in areas, the holding areas; the actual aircraft used as well as the airline staff.

Reliability: This refers to ability to perform the promised service dependably and accurately. For example the consistency in meeting promises and the completion of tasks on-time. This ranges from adherence the published schedules to compliance with defined standard operating procedures.

Responsiveness: General willingness to help customers and provide prompt service, which refers to the ability of responding to individual customer requirements and showing sincere interest in problem solving.

Assurance: Includes the competence and courtesy of employees and their ability to convey trust and credibility. The dimension would include staff training in competent and courteous charisma among employees and the feeling of safety in the transactions with the customers.

Empathy: Encompasses the access to customers, communication to customers and understanding of customers resulting in individualized attention to customers. This is considered a very important element in the in-flight service process and covers the level of individual and personal attention and the understanding of specific customer needs.

2.2.3 Gap 5: The customer gap

This is the difference between the service a customer expects and, perhaps based on the past experience, word-of-mouth communications, or promises made by the company on one form or another and the delivered service, as perceived by the individual customer. (Mario, 2006) A customer choosing to ship cargo using an airline will have built up their mind (mostly subconsciously) on a set of expectations of the service likely to be encountered: these expectations will range along a number of criteria such as friendliness of staff, integrity of the flight schedules, security and insurance of the cargo during transportation and it's condition upon arrival. The expectations may be mainly based on advertisements about the airline, word-of-mouth communications from other people who have already used the airline and perhaps the customer's own past experience with the airline. During the actual delivery of the service, the customer will experience or perceive

the service to be as expected or possibly different from what was expected (better or worse). The customer gap in this case refers to the perceived difference. (Mario, 2006)

Zeithaml et al. (1993) suggest the model of 'nature and determinants of customer expectations of service' to explain how customer expectations are developed. They argue that the *expected service* lies somewhere between the *desired service* (the best service the customer hopes for) and the *adequate service* (the lowest level of service quality that the customer would accept). A *zone of tolerance* does not separate those two service levels, where customers are neither delighted by the service nor feel disappointed about but do not particularly notice service performance.

2.3. Customer Satisfaction

Any business needs to understand customer needs, wants and demands. Customer expectations are based on past buying experiences, opinions of friends and market information. If we meet customer's expectations they are satisfied (Kotler, Bower, and Makens, 2010). One of the ways a service firm can differentiate it is by delivering consistently higher quality than its competitors. Quality in this instance is measured by how well customer expectations are met. Customer retention in this instance is perhaps the best measure of quality. Top service companies are customer obsessed, have a history of top management commitment to quality, exhibit high service quality standards and watch service performance. Unwanted service differentiation occurs when a company consistently provides a horrible level of guest experience (Kotler, Bower, and Makens, 2010).

Customer satisfaction is a function based on the difference between expected and perceived service. Consumers compare their expectations about the service to be provided with their perceptions concerning the service delivered and the more the perceived service exceeds expected service, the higher consumer satisfaction will be. Similarly, the more the perceived service does not meet the expected service, the higher the consumer dissatisfaction will be. In this instance, service quality is subjective in nature and consumer satisfaction, in turn, drives repeat purchases (Fitzsimmons and Fitzsimmons 2001; Zeithaml, Parasuraman, and Berry, 1993). Predictive expectations with regard to a specific service experience are compared by the

customers' against their perceptions of what actually does happen, and the outcome is either satisfaction or dissatisfaction (Holloway, 2002). The customer's expectations can also be treated as pre-purchase ideals. Ideal expectations of service are compared with perceptions of service actually received in order to arrive at service quality assessments (Holloway, 2002).

Customer satisfaction, as a construct, has been fundamental to marketing for over three decades. As early as 1960, Keith (1960) defined marketing as "satisfying the needs and desires of the consumer". Several studies have shown that it costs about five times to gain a new customer as it does to keep an existing customer (Naumann, 1995) and this result into more interest in customer relationships. Thus, several companies are adopting customer satisfaction as one of their operational goals.

2.4. Service Quality and Customer Satisfaction

Research suggests that Service Quality and satisfaction are distinct constructs. An explanation of the difference the two being that Perceived Service Quality is a form of attitude, a long–run overall evaluation, where satisfaction is a transaction specific measure (Bitner, 1990; Parasuraman, Zeithaml, and Berry, 1985). Parasuraman et al. (1985) state that in measuring Perceived Service Quality, the level of comparison is what a consumer should expect, whereas in measure of satisfaction the appropriate comparison is what a consumer would expect.

Quality refers to some attribute of what is offered whereas satisfaction or dissatisfaction refers to a customer's emotive reaction to that offer (Kasper et al., 2006). This places the responsibility for quality on the organization whilst satisfaction lies with the individual customer's experience yet the two concepts are interrelated. Customer dis/satisfaction can be used to measure quality and vice versa. Service quality is more often used as a more enduring construct, whereas satisfaction is situation and experience specific. Satisfaction has to be experienced whereas customers may have views about an organization's service quality without ever experiencing the service. Service quality is often defined as the consumer's overall impression of the relative

inferiority or superiority of the organization and its services. These judgments of satisfaction 'decay' into service quality- an overall attitude about the service (Johnston and Clark, 2008).

Although there is a general conformity on the distinctiveness of service quality and customer satisfaction from a conceptual point of view, the operationalization of customer satisfaction is somewhat hazy (Sureshchandar, Rajendran, and Anantharaman, 1987). For instance, Cronin and Taylor (1992) defined and measured customer satisfaction as a one-item scale that asks for the customers' overall feeling towards an organization. By using a single item scale to measure customer satisfaction, Cronin and Taylor's approach fails to do justice to the richness of the construct, as it has failed to acknowledge that, like service quality, customer satisfaction is also likely to be multidimensional in nature. Work done by Parasuraman, Zeithaml and Berry between 1985 and 1988 provides the basis for the measurement of customer satisfaction with a service by using the gap between the customer's expectation of performance and their perceived experience of performance. This provides the measurer with a satisfaction "gap" which is objective and quantitative in nature. Work done by Cronin and Taylor propose the "confirmation/disconfirmation" theory of combining the "gap" described by Parasuraman, Zeithaml and Berry as two different measures (perception and expectation of performance) into a single measurement of performance according to expectation.

Service failure occurs when a service attribute, which might include a service encounter, falls short of a customer's expectations. Only a customer can decide whether a service failure has occurred and if so, how serious it is. Because the air transport service is comprised of numerous functional and emotional attributes, it is quite possible for failure in respect to just one attribute to negatively affect consumer's perceptions of the entire experience. Indeed, failure in an 'augmented' attribute can tarnish the effect of delivery of the safe, timely locational transformation service that lies at the core of each airline's offer to its market (Holloway, 2002). A customer who has had to queue for what is considered an excessive time in order to have his cargo weighed, for example, will quite probably have a very different attitude compared to what would have been the case had the weighing taken much shorter. This attitude could affect perceptions of other elements in the

service offering; it may also reduce satisfaction gained from on time arrival or other successful delivery benefits (Emerald Insight, 2006).

Complaints are valuable sources of information on service failures however; it is widely believed that fewer than five per cent of dissatisfied customers make formal complaints to the airlines while many of the 'silent majority' simply switches to other airlines – assuming acceptable alternatives exist. They also talk to as many as ten other people about their negative experience(Holloway, 2002). Given both the certainty that service failures will occur and the potential severity of their negative impact on customer satisfaction, every service management system should have in place sub-systems designed to detect service failures, analyze failures and act to improve reliability and also recover when things go wrong.

Service recovery is an integral part of defection management. The manner in which service failures are to be identified and handled and how recovery procedures can be used proactively to avoid customer defections should be considered as part of the service design process. Different recovery procedures will be needed to meet different kinds of failures, but they should share the same basic elements: information about the problem, resources to deal with the problem and the right attitudes on the part of suitably trained and empowered service-oriented staff (Holloway, 2002). Some research indicates that although unsatisfactory service is more difficult to 'replace' than a bad product, if correctly handled service recovery can heighten customer loyalty. It is generally believed that an effective service recovery will have more impact on a customer's future purchase intentions than dissatisfaction felt as a result of the original service failure (Holloway, 2002). Research also shows that focus on customer loyalty can provide several advantages. Customers cost less to retain than to acquire and about half of new customers come through referrals from existing clients (Metters, King-Metters, Pullman, and Watton, 2006).

Although cost factors are far from being unimportant, there is overwhelming evidence that service quality is the single most important issue in running customer service operations successfully. It can be argued that service quality directly and indirectly affects profits in a significant way (Mario, 2006). Zeithaml and Bitner

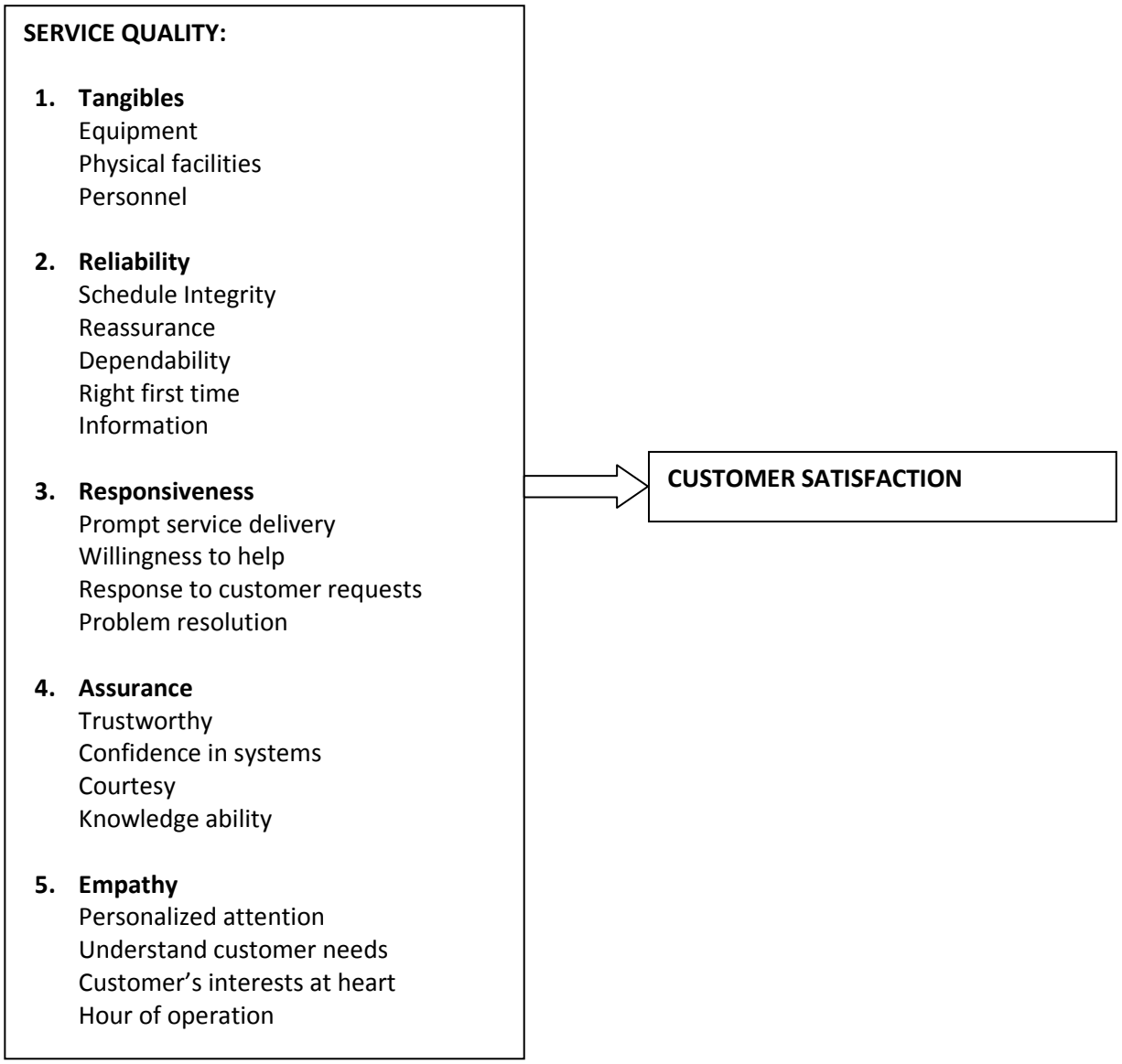
(2002) argue that high service quality leads to customer retention which has been shown in the long run to be cheaper than high levels of customer turnover. Also long-term customers tend to buy larger volumes and higher price premiums services and products. Very importantly, 'word-of-mouth' communications are affected in a positive way, being the most influential and convincing kind of communication in the field of services. If people talk positively to other potential customers about their experiences with the services delivered, the supplier's market share is likely to grow too. (Mario, 2006) In cargo operations, conditions and specific terms of carriage have to be complied with. Failure in doing this results in additional costs to meet damage expenses, rerouting at no extra costs and loss of business hence the need to address service quality issues.

2.5. Conceptual Framework

This study viewed customer satisfaction as a multi-dimensional construct, but the underlying factors/items of customer satisfaction were the same as the ones by which service quality was measured and it was operationalized along the same dimensions that constitute service quality. Such an approach was also pronounced by Bitner and Hubert (1994) who argued that although the SERVQUAL items of Parasuraman et al. (1988), when measured at the level of the firm's services, appear to be good predictors of service quality, it is also possible that the 22 items of SERVQUAL, when measured as a function of multiple experiences with the firm, may be good predictors of overall service satisfaction.

The study was guided by the conceptual framework as shown in figure 2.3 below based on the SERVQUAL model. In this framework, the 22 items of SERVQUAL were grouped according to the five basic dimensions as factors that influence service quality and customer satisfaction in airline cargo operations. For this study these five factors were considered as the independent variables while customer satisfaction was the dependent variable affected as illustrated in Figure 2.3.

Figure 2.3: Study Framework Service Quality and Customer Satisfaction



CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter provides the operational framework within which data was collected and analyzed. It describes the research design that was employed, the study population, sample size and selection, collection of data and analysis, the research instruments used, the research procedure followed, measurement of variables, reliability and validity of instruments.

3.2. Research Design

The study adopted a descriptive survey research. Descriptive survey research designs are used in preliminary and exploratory studies to allow researchers to gather information and summarize, present and interpret data for the purpose of clarification (Orodho, 2003). The descriptive approach is considered the most appropriate for this proposed study because, descriptive studies report the way things are for understanding the status quo. According to Mugenda and Mugenda (2003) the purpose of descriptive research is to determine and report the way things are and it helps in establishing the current status of the population under study. The design was chosen for this study due to its ability to ensure minimization of bias and maximization of reliability of evidence collected.

3.3. Study Population

The population of targeted respondents comprised all cargo customers using the airline under study. These customers are categorized under Known Shippers, Courier Companies, Regulated Agents and walk-in customers. Regulated agents are companies which have been authorized by the regulator – KCAA to handle cargo on behalf of customers. Known Shippers are regulated agents who also comply with KQ's security requirements for cargos handling hence are exempt from some of the processes during goods acceptance or clearance. Currently there are 150 registered agents with the airline. This formed the study population since over 80% of the cargo business is generated from this pool while most of the walk-in clients also end up dealing with the organization through these agents.

3.4. Sample Design

In this section, the study outlines how a sample is selected and the sampling procedure used. To determine the size of the sample, the Yamane Taro (1967) formula has been used. It states that the desired sample size is a function of the target population and the maximum acceptable margin of error (also known as the sampling error) and it expressed mathematically thus:

$$n = \frac{N}{1+Ne^2}$$

Where:

n =sample size

N = target population

e =maximum acceptable margin of error (5%)

$$n = \frac{150}{1+(150 * 0.05^2)}$$
$$n = 110$$

Thus for this study, the desired sample size was 110 respondents drawn from the pool of agents.

3.5. Data Collection

Primary data was collected for this study using a questionnaire that captured information relating to the variables under study. The tool was structured and the questions were in the form of a five point likert scale. The questionnaire had three sections. Section A asked questions on general information about the respondent. Section B sought the respondent's service quality expectations adapted from the 22 SERVQUAL questions instrument. Section C sought the respondents' perceptions of the service quality delivered at Kenya Airways Cargo. This section was also adapted from the 22 SERVQUAL questions instrument. Section D contained open ended questions to capture any other areas of interest as expressed by the respondents that may not have been addressed by the previous questions. The questionnaires were distributed to the respondents physically

using the pick and drop method at the offices of the Known Shippers and Courier companies while those of the regulated agents will be done at the Cargo Centre at JKIA where most of them are based. The targeted respondents were the shipping agents and an introductory letter (Appendix 1) accompanied the questionnaires.

3.6. Operationalization of Research Variables

This study involved independent and dependent variables, service quality dimensions and customer satisfaction respectively. The independent variable was subdivided into five independent variables namely responsiveness, empathy, reliability, assurance and tangibles. These were operationalized as follows:

Table3.1: Independent Variables

	Variable	**Measure**
1	Tangibles	Modern equipment Visually appealing physical The employees are neat and professional in appearance Appearance consistent with industry standards
2	Reliability	Services are provided on time Adequate reassurance when problems arise Dependability - processes and SOPs Right first time - consistency Adequate information provide
3	Responsiveness	Prompt service delivery Willingness to help Readiness to respond to customer's requests Problem resolution
4	Assurance	Trustworthy Confidence in systems -Tracking Security, Insurance Courtesy Knowledge ability
5	Empathy	Personalized attention from airline Employees are caring Understand customer needs Customer's interests at heart - Service Recovery & Claims Hour of operation

Source: Research data, 2014

3.7. Data Analysis

The process of data analysis involved data clean up and explanation. The data collected was analyzed through quantitative and qualitative techniques with the aid of data analysis software. From Section B of the tool on service quality expectations, the weighting of the factors was used to establish the determinants of service quality. The summary scores of each of the 22 items were used to come up with the weighted average score per dimension. The same process was used in Section C to come up with weighted average scores against the dimensions with regard to perceived service quality. To determine customer satisfaction, gap scores will be determined by comparing the weighted scores of expectations against those of perceptions. The findings were presented in the form of frequency tables and percentages for ease of interpretation. The responses from the open-ended questions were listed to obtain proportions appropriately and the responses then reported by descriptive narrative.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1. Overview of the Chapter

The research study sought to find out the impact of service quality on customer satisfaction at Kenya Airways cargo operations. A sample size of one hundred and ten respondents comprising agents who have used KQ to send or receive cargo were used in this study. Out of a total of 110 questionnaires that were issued, 68 usable questionnaires were recovered and used in this analysis, indicating a response rate of 61%. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting. The response rate achieved was therefore considered adequate for answering the questions raised under the research study.

4.2. Demographic Information

4.2.1 Background information of the respondents

The study sought to find out the distribution of the respondents by category to find out which group was predominant in airline cargo operations. This is for general information and is not a direct objective of the study. The findings are presented in the Table 4.1:

Table 4.1: Respondent Categories

Category	Frequency	Percentage
Walk-in Customer	10	18
Regulated Agent	19	31
Known Shipper	27	40
Courier Company	5	12
Total	**68**	**100**

From table 4.1, it is evident that majority of the respondents who participated in the survey were agents from Known Shipping companies while the walk in customers were very few. This could imply that airline cargo operations in Kenya are largely dominated by few freight forwarding organizations that have registered agents.

4.2.2 Distribution of respondents by frequency of use

The frequency or the number of times the respondents had used the airline's cargo in the last one year was important to this study. This was necessary because respondents who frequent use the airline's cargo are much better placed to give opinions that can be relied upon compared to respondents that have hardly used it based in their level of exposure and awareness. It could also provide a good indicator of customer loyalty and repeat business. The findings are presented in the Table 4.2:

Table 4.2: Frequency of Use

Frequency	Count	Percentage
Once	3	4
Twice	2	3
3-5 times	7	10
5-10 times	12	18
More than 10 times	44	65
Total	**68**	**100**

From table 4.2, 65% of the respondents had used KQ Cargo to send or receive cargo severally during the past year. This could imply that majority of the airline's cargo customers are repeat customers.

4.2.3 Distribution of respondents by reason of preference for air cargo transportation

The researcher sought to find out the reason respondents had opted for air transport for their cargo instead of other means of transportation. This is for general information and is not a direct objective of this study. The findings are presented in the Table 4.3:

Table 4.3: Reason for choice of air transportation

Reason	Frequency	Percentage
Perishability	23	34
Urgency	45	66
Costs	0	0
Total	**68**	**100**

From table 4.3, 66% of the respondents had used KQ Cargo based on urgency while 34% had used KQ cargo due to the perishable nature of their cargo. This could imply that majority customers prefer to use air cargo because it is the fastest way to get their goods transported from one place to the other. None of the respondents made the decision based on costs. This indicates that in most instances where a decision is being made on the mode of transportation, air transport is not selected based on costs. It could also imply if an equally fast alternative was available to deal with the urgency and perishability challenges, it is possible that some customers could opt to use this alternative if it was considerably cheaper.

4.2.4 Distribution of respondents by the nature of cargo/ goods being transported

The researcher sought to find out the nature of cargo that respondents were sending or receiving. The findings are presented in the Table 4.4:

Table 4.4: Nature of goods transported

Nature of goods	Frequency	Percentage
Human remains	2	3
Horticultural products	22	32
Live animals	5	7
Other - general cargo	39	57
Total	**68**	**100**

From table 4.4, 57% of the respondents had used KQ Cargo to transport general cargo. The remaining 43% was distributed among specialized cargo requirements. Specialized cargo requirements provide a key differentiator between cargo air transportation and other modes of cargo transportation.

4.2.5 Distribution of respondents by factors influencing the choice of KQ Cargo

The researcher sought to find out from the respondents main reasons why they chose to use KQ Cargo. This was necessary because the researcher wanted to know the nature and determinants of the customers' expectations of KQ cargo operations. This item was measured using a five point likert scale where a score of 5 corresponds to Very important; 4 - Important; 3 - Somewhat Important; 2 - Neutral and 1 - Not Important at All. The findings are presented in Table 4.5:

Table 4.5: Factors influencing the choice of KQ Cargo

	Mean	Std. dev.
KQ's departure and/or arrival time is more convenient	4.8	0.45
KQ's flight has fewer stops or better connections	4.2	0.45
KQ's cargo costs are cheaper than the alternatives available	2.0	1.73
KQ's cargo ground handling services are better (weighing, check-in)	4.2	0.84
Personal preference for KQ	2.4	1.14
KQ is the only airline on your desired route	3.4	1.82
Recommendation of KQ's	1.4	0.89
KQ's aircraft can accommodate the dimensions required	3.6	0.89

From table 4.5, the operating schedule of KQ and the connections offered to various destinations largely influenced the decision to ship using KQ Cargo. This is supported by KQ's hub and spoke network that ensures connectivity to over 60 destinations worldwide. On the other hand the cost element had a lower score and this could also imply that the customers found KQ expensive and they would not recommend it since it was not based on their personal preference.

4.3. Determinants of service quality of cargo operations at Kenya Airways

The respondents were required to indicate their service quality expectations based on 22 statements drawn from the five SERVQUAL dimensions. This was necessary to address one the research objectives which was to establish the determinants of service quality. The service quality expectation measurement ranged from 5 (Very Important) to 1 (Not Important at all). Table 4.6 gives a summary of these findings.

Table 4.6: Service quality expectations in airline cargo operations

Attributes	**Mean**	**Std. dev.**
They should have modern equipment	4.00	1.00
Their physical facilities should be visually appealing	3.20	0.45
Their employees should be well dressed and appear neat	4.80	0.45
The appearance of these facilities consistent with industry standards in cargo operations	4.60	0.55
Services are provided at the promised time	4.40	0.89
Adequate reassurance is given when problems arise	4.00	1.73
Dependability in handling customers' service problems	3.80	1.64
Services are provided right the first time	3.60	1.95
Adequate information is provided concerning when services will be performed	4.00	1.22
Employees are prompt in their service delivery	2.80	1.10
Employees are willing to help	3.80	0.45
Employee readiness to respond to customers' requests	3.80	0.45
Any challenges are swiftly resolved	3.40	0.89
Employees are trustworthy	3.80	0.84
I feel confident transacting with the company	4.40	0.55
Employees are consistently courteous	3.60	0.55
Employees have the knowledge and support to do their jobs well	4.40	0.55
The airline provides personal attention	2.60	0.89
Employees deal with customers in a caring fashion	3.60	0.55
Employees understand customer needs	4.20	1.30
Employees have the best interest of the customer in mind	3.60	0.55
The hours of operation are convenient	4.00	1.00
Overall mean	**3.80**	

The means scores of the respondents' expectations ranged from 4.8 to 2.6. The highest expectation items were 'employee appearance', 'appearance of the facilities' and 'employee knowledge' while the lowest was on 'personalized attention'. The overall mean score for service quality expectations was 3.8. This score indicates a high expectation of the respondents regarding the service quality.

Tolpa (2012) while studying 'Measuring Customer's Expectations of Service Quality in the Airline Industry in Finland' concluded that customers value basic services in the service process such as information on tickets and flight schedule, communication in case of flight delay as well as no delays in baggage delivery. The findings of the current study confirms that just like passengers, cargo customers also expect services to be provided at the promised times and adequate information be provided whenever problems arise.

Viewed based on the dimensions, the cargo customers place high expectations on Reliability and Empathy while Responsiveness ranked lowest in contrast to a study by Manani (2012) on 'Service Quality and Customer Satisfaction at Kenya Airways' where it was established that major determinants of perceived service quality for airline passengers included Assurance and Responsiveness. This highlights the difference between passenger and cargo operations. In passenger operations, the passenger is present throughout the service delivery process and will place a lot of expectations on the human interactions whereas in Cargo operations, once the cargo has been accepted by the airline, the customer places a lot of emphasis on reliability of getting it to the right destination at the right time and in good condition.

4.4. Customer satisfaction at Kenya Airways

The respondents were required to indicate the level of satisfaction and customer experience using a total of 22 parameters. These factors were subjected to descriptive analysis to enable the researcher determine the extent to which the customers were satisfied with the service quality of the airline's cargo operations based on their perceptions. This was in line with the objective to find out if customers are satisfied with the quality of services offered in KQ cargo operations. The range of service quality perceptions items was from 5 (Far Above Expectations) to 1 (Far Below Expectations). The results are shown in Table 4.7.

Table 4.7: Service quality perceptions in airline cargo operations

Attributes	Mean	Std. dev.
Kenya Airways signage at the JKIA Cargo Centre are visible the service counters are easy to locate	4.00	1.00
The waiting and cargo holding areas are clean and well lit	3.60	0.55
Staff wear uniforms and name tags making them easy to identify	3.60	0.89
There is adequate security provided for cargo at all the airline's facilities	4.00	0.71
Cargo is transported on time as per communicated flight schedule	2.60	0.55
Operational changes/ delays are communicated in good time	2.40	0.89
Notification and proper handling is done when there has been damage to consignment	2.20	0.84
The airline provides specialized handling for all shipments dependent on nature	3.40	1.82
Information about movement of your shipment was made available to you through the tracking system.	4.20	1.30
Service at the counters is quick and there is minimal time spent queuing, service counters are sufficient	2.80	0.84
All the requirements and terms of carriage for the cargo/ shipments are clearly communicated	3.40	0.55
The staff readily attend to customer's requests	3.40	0.55
Any challenges are communicated and quickly resolved	2.60	0.55
The staff are reliable and do not engage in any corrupt dealings	4.20	0.84
The cargo/ goods always arrive in excellent condition	3.40	0.55
The customer service staff are friendly	3.60	0.55
The staff are conversant with all airline's systems and processes	3.40	1.14
Staff give you individualized attention	3.00	1.00
Considerations are made for the various type of cargo i.e temperature control for medical supplies, plants and animals	3.80	0.84
Sales agents are professional in how they conduct their duties	2.40	0.55
Staff are quick to provide additional information requested to address any areas of concern	2.60	0.55
The hours of operation are convenient	3.80	1.10
Overall mean	**3.29**	

The means scores of the respondents' perceptions ranged from 4.2 to 2.2. The lowest perception item was on 'notification and proper handling when there has been damage to the consignment' which indicates that the notification and claims process when damage occurs is deemed not sufficient. On the other hand, the respondents' highest perception was on 'reliable staff who do not engage in corrupt dealings'. Furthermore, the respondents also highly rated the 'tracking system', 'facility appearance' and 'adequate security at the premises'. The overall mean score for service quality perceptions was 3.29. This score indicate an average perception of the respondents regarding the service quality.

This research study revealed that the cargo customers had good perceptions of the Assurance and Tangibility dimensions at Kenya Airways cargo based on their service experiences. Assurance in this case implies that the customers are confident that Kenya Airways staff are honest, knowledgeable and courteous during the service delivery process. Similarly Kenya Airways cargo facilities at the JKIA cargo centre were perceived to be modern and adequate security is provided in line with industry requirements for cargo operations. On the contrary, Jensen (2009) while studying Service Quality in Low Cost Airline in Copenhagen Airport found that tangibles dimensions were perceived rather unimportant by airline passengers.

4.5. Service Quality and Customer Satisfaction - Evaluating the Quality Gap

The quality gap is the discrepancy between the customer's expectations and their perceptions of service delivered. This gap is as a result of influences exerted on the customer and the shortfalls on the part of the provider. The researcher compared the responses drawn from the statements that related to expectations and those directly related to the perception based on service experienced to calculate the gap. Positive (+) values indicate that the customer's expectations were below their perceptions of service quality while the negative (-) values indicate that expectations were higher than the perceptions hence the customer was b not satisfied. Nil (0) values indicate that the expectation equaled the customer's perception. A summary of the results is shown in Table 4.8.

Table 4.8: Customer expectations, perceptions and quality gaps in individual statements

Where E = Expectation; P = Perception; QG = Quality gap (P-E)

Statements	(E)	(P)	QG
Tangibility			
They should have modern equipment	4.00	4.00	0.00
Their physical facilities should be visually appealing	3.20	3.60	0.40
Their employees should be well dressed and appear neat	4.80	3.60	-1.20
The appearance of these facilities consistent with industry standards in cargo operations	4.60	4.00	-0.60
Reliability			
Services are provided at the promised time	4.40	2.60	-1.80
Adequate reassurance is given when problems arise	4.00	2.40	-1.60
Dependability in handling customers' service problems	3.80	2.20	-1.60
Services are provided right the first time	3.60	3.40	-0.20
Adequate information is provided concerning when services will be performed	4.00	4.20	0.20
Responsiveness			
Employees are prompt in their service delivery	2.80	2.80	0.00
Employees are willing to help	3.80	3.40	-0.40
Employee readiness to respond to customers' requests	3.80	3.40	-0.40
Any challenges are swiftly resolved	3.40	2.60	-0.80
Assurance			
Employees are trustworthy	3.80	4.20	0.40
I feel confident transacting with the company	4.40	3.40	-1.00
Employees are consistently courteous	3.60	3.60	0.00
Employees have the knowledge and support to answer customer questions / to do their jobs well	4.40	3.40	-1.00
Empathy			
The airline provides personal attention	2.60	3.00	0.40
Employees deal with customers in a caring fashion	3.60	3.80	0.20
Employees understand customer needs	4.20	2.40	-1.80
Employees have the best interest of the customer in mind	3.60	2.60	-1.00
The hours of operation are convenient	4.00	3.80	-0.20

The smallest quality gap statements were, QG1 in the tangibility dimension, QG10 in the responsiveness dimension and QG16 in the assurance dimension. The equipment used at KQ facilities was consistent with the customer's expectations, similar to courtesy of the employees and their promptness in service delivery. The widest quality gap was QG5 statement in the reliability dimension. Whereas the respondents considered services being delivered at the promised time very important, their perception was that the airline does not deliver as promised.

Table 4.9: Customer expectations and perceptions and quality gaps in service dimensions

Dimension	**Expectation (E)**	**Perception (P)**	**Quality gap (P-E)= QG**
Tangibility	4.15	3.80	-0.35
Reliability	3.96	2.96	-1.00
Responsiveness	3.45	3.05	-0.40
Assurance	4.05	3.65	-0.40
Empathy	3.60	3.12	-0.48

Table 10 indicates that there were mean differences between the customers' expectations and perceptions in all the dimensions. The largest and smallest perception mean are in the tangibility and reliability dimensions respectively. The largest and smallest expectation mean are in the tangibility and responsiveness dimensions respectively. The largest mean quality gap is in the reliability dimension. The overall average for the five dimensions was -0.55. This indicates a great opportunity for improvement in the entire cargo operations. However, for that to happen, great effort must be made in the following items: understanding customer needs, adherence to schedule integrity, prompt problem resolution and dependability during this process which can also be viewed as elements of service recovery in order to satisfy the customers better.

4.6. Discussion

The study sought to find out further suggestions/recommendations on service the airline's cargo operations. Some of the respondents recommended a downward review in the import and export rates or increase of incentives based on consistency in using the airline even on routes where there were other carriers operating.

The respondents further suggested the provision of larger capacity aircraft dedicated to cargo operations to ensure that even when bringing in or shipping out bulk cargo, the shipment is done at once and not in piecemeal. This is in line with increased activities in the retail sectors driven by imports from the Middle East as well continued industrialization that requires importation of equipment.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

The purpose of this chapter is to give the summary, conclusions and recommendation of the study. This was based on the research findings that are presented and discussed in the previous chapters.

5.2. Summary

The main aim of this research study was to find out what the key determinants of perceived service quality in cargo operations and their impact on customer satisfaction at Kenya Airways Cargo using the SERVQUAL theoretical framework. The literature review extensively covered areas that have been researched on and some of the findings. Out of the literature review a study frame work comprising of five main areas was developed. The main areas covered under this study were tangibles, reliability, responsiveness assurance and empathy. The target population comprised cargo shipping agents and walk-in customers at the Kenya Airways Cargo offices at JKIA Cargo centre. The research instrument used in data collection was a questionnaire from the respondents. The researcher was able to collect views from 68 respondents who had used KQ cargo in the past one year and therefore capable of giving credible responses.

Majority of the respondents who participated in the survey were agents from Known Shipping companies while the walk-in customers were very few. This revealed that airline cargo operations in Kenya are largely dominated by few freight forwarding organizations that have registered agents. The findings indicated that most customers had used KQ Cargo based on urgency or due to the perishable nature of their cargo. The findings further revealed that most customers base their decision to use KQ cargo on the operating schedule of the airline and the connections offered to various destinations, however the customers found KQ expensive and were not sure whether they would recommend it since it was not based on their personal preference.

The study findings on customer expectations of service quality in cargo operations highlighted the importance of tangibility and assurance dimensions which had the highest weights. They showed that customers have

very high expectation of employee appearance, appearance of the facilities and employee knowledge and the customers depicted generally high service quality expectations.

Perceptions of service quality in airline cargo operations define the extent to which cargo customers find various attributes within the airline's operations important in enhancing their overall satisfaction with the airline. In the present study, it was revealed that the main dimensions of perceived quality in cargo operations were tangibility and assurance. Tangibility emerged as the most important predictor of perceived service quality. In the airline operations, this dimension refers to having modern equipment and facilities that are consistent with industry standards in cargo operations. The lowest perception item was on notification and proper handling when there has been damage to the consignment. This revealed that the notification and claims process when damage occurs was deemed not sufficient. The findings also revealed that the staff were perceived to be highly reliable staff and unlikely to engage in corrupt dealings. Furthermore, the respondents also highly rated the tracking system and adequacy of security at the premises as key items that contribute towards perceived quality.

In identifying the quality gaps in the overall measure of customer satisfaction, the findings showed that the customers are satisfied with the modern equipment used at KQ facilities and the courtesy and promptness of employees in overall service delivery. The findings however revealed that the widest quality gap was in the reliability dimension. Whereas the respondents considered services being delivered at the promised time very important, their perception was that the airline does not deliver as promised with regard to maintaining their schedule integrity.

5.3. Conclusions

On the basis of the above findings the following conclusions were made on service quality and customer satisfaction on airline cargo operations. The study found that the airline had ensured that their facilities at the cargo terminal are equipped with modern equipment and conform to industry requirements in cargo

operations. The study established that most of the employees at Kenya Airways cargo are reliable and courteous in how they handle the cargo customers and they offer prompt service.

The study revealed that customers are not satisfied with reliability in provision of services at promised times, and also found the airline is not dependable when it comes to handling customer service problems. To remain competitive, the airline therefore needs to focus its operational strategies on ensuring schedule integrity and reliability and enhancement of service recovery initiatives when problems arise to increase service quality.

5.4. Recommendations

On the basis of the above conclusions, the following recommendations were made for enhancing service quality and customer satisfaction for KQ cargo operations.

From findings the study recommends that the airline explores the possibility of increasing capacity on the various routes for a reduction in reliability challenges that have been previously experienced. The study also recommends extension of the customer satisfaction initiatives that tend to solely focus on revenue passengers rather than cargo to include the shippers and all cargo customers.

From the findings the study recommends that the airline continues to also provide the employees with adequate support to ensure that the reliable and courteous interactions go on. Similarly the airline should continue maintaining industry standard and complying with all regulated industry requirements.

5.5. Limitations of the study

Some respondents refused to be interviewed altogether. However the challenge was minimized by asking the respondents not to indicate their names on the research instrument as well as assuring them that the research will only for academic purpose.

5.6. Assumptions of the study

As highlighted in the limitations, not all agents were involved in the study-a sample was used to represent the

whole population. Another assumption was that the agents responding to questionnaires did so honestly and objectively. It was also assumed that service quality requirements for importing goods were similar to those of exports hence the instrument was not differentiated in this regard.

5.7. Areas for further research

To contribute further to this study, further research should be done across cargo operations in the local airline industry due to the growth of the industry with new entrants into the local market as well as expansion of the cargo handling capacity of the JKIA airport cargo terminal. Further research could be done specific to cargo operations at the different airports namely Wilson and Eldoret which are also significant contributors to cargo operations in Kenya. This study can also be refined further and broken down using the process approach covering the imports and exports separately.

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APPENDICES

5.8. Appendix 1: Letter of Introduction

UNIVERSITY OF NAIROBI, SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT SCIENCE

P. O BOX 30197

NAIROBI, KENYA

Dear sir/madam,

REF: MBA PROJECT: CLARE ANYANGO REG NO. D61/60042/10

I am a student of the University of Nairobi pursuing a Masters degree in Business Administration. I am conducting a research on SERVICE QUALITY AND CUSTOMER SATISFACTION IN KENYA AIRWAYS CARGO OPERATIONS as a partial fulfillment of the requirements of the degree award.

I kindly request that you assist in filling the questionnaire attached by ticking (√) or giving suggestions/comments where applicable in the spaces provided. Information gathered will be treated with utmost confidentiality and will be used for no other purpose other than the intended. A copy of the final report containing the study findings will be made available to you upon request. Your participation in this survey is highly appreciated.

Yours sincerely

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Clare Anyango

MBA STUDENT

5.9. Appendix 2: Questionnaire

Questionnaire

This survey deals with your opinions of the quality of service offered by Kenya Airways Cargo and how its influences your evaluation of customer satisfaction. There are no wrong or right answers. Please provide answers to the following questions by ticking against the most suitable alternative or giving narrative responses in the spaces provided.

A. RESPONDENT'S BACKGROUND INFORMATION

Please fill in the box next to the right response

1. Under which customer category do you fall**:**

   Walk-in Customer ☐
   Regulated Agent ☐
   Known Shipper ☐
   Courier Company ☐

2. Number of times you sent or received cargo over the last one year

   a. Once ☐
   b. Twice ☐
   c. 3 to 5 times ☐
   d. 5 to 10 times ☐
   e. More than 10 times ☐

3. Reason why you have chosen to transport your cargo by air the greatest number of times during the above stated occasions

   a. Perishability ☐
   b. Urgency ☐
   c. Costs ☐
   d. Other ☐ Specify …….

4. Describe the nature of good/ cargo you were transporting

   a. Human remains ☐
   b. Horticultural products ☐
   c. Live animals ☐
   d. Other ☐ Specify …….

5. Please tell us how important each of the following is in making your decision to choose to send your cargo using Kenya Airways Cargo

(5) Very Important (4) Important (3) Somewhat Important (2) Neutral (1) Not Important at all

	(5)	(4)	(3)	(2)	(1)
KQ's departure and/or arrival time is more convenient					
KQ's flight has fewer stops or better connections					
KQ's cargo costs are cheaper than the alternatives available					
KQ's cargo ground handling services are better (weighing, check-in)					
Personal preference for KQ					
KQ is the only airline on your desired route					
Travel agent/Company travel department recommendation of KQ's					
KQ's aircraft can accommodate the dimensions required					

B. SERVICE QUALITY EXPECTATIONS

6. This section deals with your opinion on airline cargo services. Please show the extent to which you think firms offering cargo services should possess the features described by each statement.

(5) Very Important (4) Important (3) Somewhat Important (2) Neutral (1) Not Important at all

	(5)	(4)	(3)	(2)	(1)
They should have modern equipment					
Their physical facilities should be visually appealing					
Their employees should be well dressed and appear neat					
The appearance of these facilities consistent with industry standards in cargo operations					
Services should be provided at the promised time					
Adequate reassurance is given when problems arise					
Dependability in handling customers' service problems					
Services are provided right the first time					
Adequate information is provided concerning when services will be performed					

Employees are prompt in their service delivery					
Employees are willing to help					
Employee readiness to respond to customers' requests					
Any challenges are swiftly resolved					
Employees are trustworthy					
I feel confident transacting with the company					
Employees are consistently courteous					
Employees have the knowledge and support to answer customer questions / to do their jobs well					
The airline provides personal attention					
Employees deal with customers in a caring fashion					
Employees understand customer needs					
Employees have the best interest of the customer in mind					
The hours of operation are convenient					

C. SERVICE QUALITY PERCEPTIONS

7. The following set of quality dimensions relate to your feelings about Kenya Airways Cargo. For each statement, please rank them to the extent to which you believe Kenya Airways meets your expectations.

   (5) Far Above Expectations

   (4) Above Expectations

   (3) Meet Expectations

   (2) Below Expectations

   (1) Far below Expectations

	(5)	(4)	(3)	(2)	(1)
Kenya Airways signage's at the JKIA Cargo Centre are visible the service counters are easy to locate					
The waiting and cargo holding areas are clean and well lit					
Staff wear uniforms and name tags making them easy to identify					
There is adequate security provided for cargo at all the airline's facilities					
Cargo is transported on time as per communicated flight schedule					
Operational changes/ delays are communicated in good time					
Notification and proper handling is done when there has been damage to consignment					

The airline provides specialized handling for all shipments dependent on nature					
Information about movement of your shipment was made available to you through the tracking system.					
Service at the counters is quick and there is minimal time spent queuing, service counters are sufficient					
All the requirements and terms of carriage for the cargo/ shipments are clearly communicated					
The staff readily attend to customer's requests					
Any challenges are communicated and quickly resolved					
The staff are reliable and do not engage in any corrupt dealings					
The cargo/ goods always arrive in excellent condition					
The customer service staff are friendly					
The staff are conversant with all airline's systems and processes					
Staff give you individualized attention					
Considerations are made for the various type of cargo i.e. temperature control for medical supplies, plants and animals					
Sales agents are professional in how they conduct their duties					
Staff are quick to provide additional information requested to address any areas of concern					
The hours of operation are convenient					

8. In what ways do you feel Kenya Airways Cargo could better meet your cargo transportation needs?

   ---

9. Would you recommend KQ to another customer? (Y/N, why)

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10. Any other remarks

    THANK YOU.