

**RELATIONSHIP BETWEEN SERVICE QUALITY MANAGEMENT  
PRACTICES AND OPERATIONAL PERFORMANCE OF SHIPPING  
FIRMS IN KENYA**

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## DECLARATION

This research proposal is my original work and has not been published or presented elsewhere for an award or examination in any other institution.

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This research project has been submitted for examination with my approval as university supervisor.

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## **DEDICATION**

I commit this research work to the Supreme creator for his Mercy and blessings in my life. To my family members and friends who stood by me all through the project.

## ABSTRACT

The need for firms to offer quality provision that meet consumer expectations for sustainable operations and maintain competitiveness in business has been the main focus of many firms in different sectors especially in the service industry. The Shipping industry has not been left behind and firms have had to change with the times and ensure their consumers get superior and quality services thus they have embraced service quality management. Service quality management practices has proven ability to improve operational performance of firms. To affirm the argument the researcher sought to find out the extent the shipping firms had adopted the service quality management in Kenya, secondly, connection among service quality management practices and operational performance of shipping firms in Kenya. And the challenges faced by the firms when implementing service quality management. The research design used a descriptive survey and collected data from all the registered shipping firms in Kenya. The tool for collecting data was a structured questionnaire which was controlled by focused questions organized to give responses on a likert scale. Data collected from the repondents was evaluated through use of descriptive statistics and regression analysis technique; the findings were presented in tables. The findings revealed that shipping firms embraced a number of service quality management practices to a large extent the metrics scoring more than 4 as their means. The results also showed that the companies were met by several challenges in their endeavor to instrument the service quality management among the top challenge was lack of resources and top management support. The main conclusion was that the adoption of service quality management practices by shipping firms was inevitable since it improved the operational performance of these firms. The study found out that the highest metric of service quality contributing to improved operational performance was management commitment and support, followed by employee participation and customer focus the least metric was supplier quality management and employee resource development. The researcher recommends that companies should adopt service quality management in order to improve their operational performance of firms. The firms should be proactive and get the necessary resources for implementation of service quality to be successful. To affirm these conclusions the researcher concludes that similar studies be undertaken to solidify the findings.

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## **ABBREVIATIONS AND ACRONYMS**

<b>SPSS</b>	-	Statistical Package for Social Sciences
<b>TQM</b>	-	Total Quality Management
<b>KRA</b>	-	Kenya Ports Authority
<b>KMA</b>	-	Kenya Maritime Authority
<b>NHIF</b>	-	National Hospital Insurance Funds
<b>JKIA</b>	-	Jomo Kenyatta International Airport
<b>KRA</b>	-	Kenya Revenue Authority
<b>KSC</b>	-	Kenya Shippers Council
<b>SERVQUAL</b>	-	Service Quality Model
<b>SQMP</b>	-	Service Quality Management Practices
<b>UNCTAD</b>	-	United Nations Conference on Trade and Development
<b>GDP</b>	-	Gross Domestic Products

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Demand for quality services as asserted by Githagui and Ngugi (2013) is one of the most crucial areas that organizations need to pay attention in order to survive. Service institutions measures quality in terms of service delivery which meets or exceeds consumer requirements. Providing quality service means meeting the requirements to customer expectation in a consistent basis (Lewis & Booms, 1983). Service quality is a critical determinant of competitiveness that can help an organization to distinguish itself from other organizations and extend its competitive benefit. Greater provision of quality is a vital to amended profitability and has been established to score in improved client satisfaction, better transactions and profitability (Hasan & Kerr, 2003).

Findings on service quality research, have reported that if firms offer exceptional service to their customers create good customer/business relationship this can be used as a commercial strategy. Good service quality can bring in new consumers, develop business the accessible consumers, fewer lost customers, less price war effects, plus less production blunders that may require performance. This phenomenon is true especially in the shipping industry which is growing at an exceptional rate, particularly in the previous decade. The growth is recognized by the universal economic boom which has led to a growing global trade, which in turn has increased rivalry among maritime service providers who have logically been experiencing decreased consumer loyalty (Lobo & Jain, 2002).

Since the rivalry for cargo services has grown bigger, the quality of service offer of by the cargo handling companies has become a key component for success and retention of customers. The shipping industry has a substantial role of moving economic capital nationwide and in global economies. At the moment according to song and Yeo, 2004 the shipping industry handles 90 percent of the global trade in capacity. Thus, considering the shipping industry, customers' prospects and viewpoint of service quality is fundamental in highlighting of the significance of the shipping industry to national development.

The Kenyan economy of late has witnessed an increased and steady growth in the shipping business, this had led to proliferation of maritime service providers. The growth in the number of shipping lines, shipping agents, Cargo Consolidators, Clearing and Forwarding firms, Container freight stations has led to bigger antagonism within the shipping industry. The growth in shipping business is, to a degree, credited to a favorable business environment, brought about by freedom of trade in the nation, a steady political position and, in particular the obsession to bring in everything into Kenyan market. Evidence in the literature indicates that service quality has become a major strategy in the shipping business for improving profitability and operational performance.

This survey was driven by the following three philosophies underlying operations management; theory of constraints, contingency theory and resource based theory. The theory of constraints developed by Goldratt (1990). He proposed that, organizational performance is constrained by limitations within the firms. These are restrictions which prevent/deter the firm from maximizing its performance so as to get its goals. Constraints can be in terms of unskilled

employees, necessary supplies, and data, equipment, or even policies, and can be internal or external to an organization.

### **1.1.1 Service Quality Management**

According to (Vuorinen et al., 1998) Service quality is presently the utmost important factor that enables the firms to attain a competitive edge over its rivals, making the firm achieve a higher profitability and productivity. In reality, service quality is a key player in attainment of the corporate strategy (Gronroos, 2001).

According to Gronroos (1982) and Lovelock (1996), the distinctive attributes of services make the study of service quality complex. These distinctive attribute is the elusive nature of services which make its value harder to manage unlike with physical products (Edvardsson & Mattsson, 1993). Horovitz in his study in 1986 acknowledged three unique characteristics of service quality; one, since the majority of service is consumed simultaneously as they are produced, the customer will be the one to experience any inadequacy in quality. Two, a service has a set of beneficial advantages, but it is primarily depends on the “feel/experience”. Three, an important feature of service quality comes from the superiority of the bond linking the service supplier to the buyer.

According to Jin (2005) Service quality management is about focusing on constant enhancement in all functions of a service firm, which is achievable if the service quality notion is employed throughout the process of service delivery all the way to the after sale service. Service quality management is frequently perceived as a group of managing strategies aimed to the enhancement of the business’s performance. The practices include highest management

provision and commitment, customer focus, employee's involvement, training of employee and development, quality information and design of product service (Munyao, 2014).

### **1.1.2 Service Quality Management Practices and Operational Performance**

Quality gurus have published several quality management practices that can improve a enterprises' operational performance. The methodologies were expressed in a set of organized quality management practices. According to Ahire and Golhar (1996) several research journals have identified the major quality management practices for which an organizations success of the organizational performance is based upon. A study by Cua et al. (2001) underlined the importance of correlational studies between the variables; quality management practices and operational performance. Furthermore, a research by Choi and Eboch (1998) suggested a linear relationship between Total Quality Management practices and organizational performance. According to Lakhal et al. (2004), there is a progressive relation amongst quality management practices and organizational performance.

### **1.1.3 Operational Performance**

Operational performance of a firm is a measure against recommended indicators of productivity, capacity utilization, efficacy, competence, cycle time, waste control management and regulatory compliance. According to Johnston and Clark (2001) operational performance refers to pre-planned and expected output of the organizations' process such as dependability, production efficiency and inventory turnover. Terziovski, Feng and Samson (2007) delineate operational performance as performance allied to an organizational in-house operations such as productivity, product quality and customer satisfaction. Hasan and Kerr (2003) describe operational performance variables as productivity and quality, scheduling and delivery. Firm

operational performance and improvement as pointed out by Mahmoud and Carlos (2010) can be accomplished by building a strong culture around operational excellence, training and equipping the workforce on the techniques and tools of process improvement, deploying real-time visibility process management technology, putting in place appropriate measures as well as controls.

#### **1.1.4 The Shipping Industry in Kenya**

Shipping business in Kenya is mainly dominated by international shipping lines with massive vessels which dock at the port of Mombasa to offload and load cargo. The cosmopolitan shipping companies operate in Kenya as either a subsidiary company or as agents. The representative agents serve as a consumer service point and as a container handling and a docks operations administrative center. A shipping business is usually a consumer centered business; it mainly revolves around employing proper marketing support and relationship development besides the logistical management of vessels within the port or expected in and out of the port. The clients are made up of importation and exportation trader, freight forwarders, clearance agents representing the importers/exporters, along with logistics providers such as transporters and warehouse owners, container depository operators and independent Container Freights operators. The other stakeholders are regulatory authorities such as the Kenya ports Authority, Kenya Revenue Authority and Kenya Maritime Authority. (KPA Handbook, 2014).

#### **1.2 Research Problem**

Quality management practices have been investigated extensively. Service quality management has become of paramount importance to companies in the service industry. Companies have realized a need to maintain high levels of quality service which can be used to draw new

consumers and maintain the existing ones. Competition has become very fierce that any lapses in service delivery may prove very costly to an organization. This new realization of the significance of service quality has led firms toward the need for adoption of service quality management practices that would give a service firm an edge over its competitors.

In recent years, shipping lines in Kenya have experienced fierce competition among themselves. Quality of service has become a major concern across a wide spectrum of the service industry, ranging from banking to shipping (Munusamy et.al, 2010). There have been numerous complaints by customers leveled against some of the local shipping companies concerning their quality of service. The customers' main areas of concern include unexplained delays leading to incurrence of huge amounts of cost in form of demurrage charges, improper handling by staff and slow response to their concerns by the shipping companies. However, some of the shipping lines have not been on the receiving end of such complaints. Abishua 2010 suggests that some shipping firms have endeavored to manage service quality and attain the standards of service demanded by their clients. These shipping companies have experienced better business than their competitors.

Many surveys have been done to evaluate the effect of service quality management practices and operational performance in different industries including banking, hotel, library, airline industries. These studies were industry-specific and centred around service quality levels in particular organizations. Kibor (2008) did a study on services offered by the National Hospital Insurance Fund. The research work revealed that N.H.I.F. meets its customer's expectations, but there was still a lot of room for improvement. Gituanja (2006) carried out a research study on service quality at the Jomo Kenyatta International Airport (JKIA). The study found that the



airport had not met any of the customer expectations. This was because there were negative gaps between customer perceptions and expectations in all eight variables that were under investigation. Gachie (2008) studied service quality among commercial banks in Kenya. He set out to determine the service quality priorities being employed by large and smaller banks in Kenya. In his study, he found out that customer expectations were always higher than performance received. It is clear from the foregoing that the studies mostly concentrated on what the customers perceived the most important dimensions of value in the services provided.

Whereas many management scholars have researched on service quality management practices and their relationship with operational performance in various industries, no major study within the Kenyan context has been carried out on the service quality management practices used by shipping firms and their impact on operational performance. There was a need to know what particular service quality management practices have been applied in the shipping industry. There was also a need to get how these practices have impacted on operational performance of shipping firms. Lastly, there was a need to understand the challenges encountered in implementing service quality management practices. This research study answered the following questions: Which quality management activities are critical? What is the nature of the relationship between quality management exercises and performance? What challenges have been encountered by shipping firms in implementing quality management practices in Kenya?

### **1.3 Objectives of the Study**

The objectives of this study were:

- i. To determine the level at which service quality management practices are applied by the shipping firms in Kenya
- ii. To determine the link between service quality management practices and operational performance of shipping firms in Kenya.
- iii. To establish the challenges of implementing service quality management practices among shipping firms in Kenya

#### **1.4 Significance of the Study**

The report thus brought to the fore the quality challenges facing the shipping firms in Kenya. These study findings are of benefit to shipment firms in Kenya as well as other players in the shipping industry in that they will be able to learn what quality practices to implement in order to reduce costs satisfy their customers and improve earnings.

The outcomes of this survey is also importance to the Government particularly governing institutions like the Kenya Maritime Authority, Kenya Revenue Authority (KRA), the Kenya Ports Authority (KPA) and other stakeholders such as the Kenya International Freight and Warehousing Association (KIFWA) and Kenya Shippers Council (KSC). These stakeholders will be able to come up with policies that enable the shipping industry improve on quality so as to improve financial performance as well as satisfy and protect customer's interests.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This segment scrutinizes theoretical and also the empirical collected works similar to the review of SERVQUAL model as well as the conceptual framework. The theories reviewed are; Theory of Constraints, Contingency theory and Resource Based theory. The chapter accomplishes by disclosing the outline conclusion of the study.

### **2.2 Theoretical Review**

Theories aid scholars in explaining and predicting relationships when trying to understand phenomena it also helps to test and increase knowledge within the limits of the serious bounding conventions (Sekaran, 2005). The following theories was used to anchor the study: the Resource Based theory; Contingency theory; and theory of Constraints.

#### **2.2.1 Theory of Constraints**

This Principle purports that regardless of how well an organization performs, there's always some limiting factor that limits its performance – this is normally known as the "weakest link." This theory further suggests that a system may have just a single restriction at a point in time, however if care is not exercised other areas which are not constraining may also become a weakness in the link in due time (Goldratt 1990). The theory is used to identify the constraining factor and change the restriction to overcome the weak link to conquer competition. In this study the theory aided to identify which quality management practices could help a shipping firm improve its operational performance.

The theory was in the beginning applied effectively in manufacturing sector, but presently it is being employed in different scenarios. It's important for a firm to understand its frequently used processes and stage them as a process then identify the weakest link in the process. This is done by asking yourself if the process is as efficient as possible or is it facing bottlenecks such as, lack of skills or training, or lack of capacity in a key area or poor communication or poor morale among others. Then this is followed by coming up with solutions to remove the constraint.

### **2.2.2 Contingency Theory**

Contingency theory acknowledges that any cause of action is triggered by the situation at hand, and for a firm to be efficient, there ought to be a deliberate attempt to fit its structure to the condition of its current environment to reap any benefits. The theory suggests that the right management method is liable for a firm's current situation. Contingency theory for this study was studied and appraised into a contracted emphasis as follows; it signifies a gorgeous combination among organizational theory and decision making perceptions with the organizational formation (Lawrence & Lorsch, 1967; and Donaldson, 2001). The ultimate nature of this theory model shows that a company's efficiency results from fitting exclusivity of the business, (such as its cultures) to the incident that reflects the position of the business (Lawrence & Lorsch, 1967). Donaldson (2001) urges that, organizations which try to find the best fit of organizational features to contingencies will reap benefits of an improved performance.

As a result a firm management action is created by the contingency at hand which guides the cause of action which aids in avoiding nonperformance within the firm. In consequence, there

is an association between the firm and its contingencies, which creates a connection between contingencies and the firms' contextual uniqueness (Burn & Stalker, 1961). The Contingency theory therefore holds that there is no one universally fitting management style which can apply across all firms in all situations. In effect, it suggests that the appropriate management system will be dependent on the specific circumstance the firm is currently faced with. The study used contingency theory as a practical way of conceptualizing the bond among service quality management practices and organization's operational performance.

Contingency theory is basically a hypothetical view within which managerial principle gives emphasis to how conditional features or related factors such as knowledge, extent, environment, values and strategy affect performance of companies (Covaleski, Dirsmith & Samuel, 1996). This theory was relevant to the study because some service quality management practices maybe applicable to one situation as opposed to another; this is because an organization has different types of consumers and jobs.

### **2.2.3 Resource Based Theory**

According to Helfat and Peteraf (2003), resource is a positive feature or an input to production which a firm owns and controls it may be tangible or intangible. The resource may be better than others because of market imperfection and thus result to unusual levels of competence (Barney, 1991). The distinctive nature of the asset in the company may be generally the main source of excellence or uniqueness of the firm (Helfat & Peteraf, 2003; Lockett et al., 2009). The properties include the physical resources, but also immaterial assets engraved in social and organizational capitals, training, knowledge, experience and management skills (Amit & Schoemaker, 1993; Barney, 1991).

According to the resource-based value holding phenomena, if a resource can be effortlessly initiated or copied, then a firm cannot harness supernormal profits from it, on the other hand, if the resource is closely sheltered by copyrights or systematic processes, then a firm will attain exceptional gains (Teece et al., 1997). The firm strives to protect their resources from diffusing into the industry so as to keep the economic gains for as long as possible (Barney, 1991). This theory uses the notion of superior resource position since it begins with the ability of the firm to control the resource since it owns or controls it, which could mean monetary implications if other firms want it (Wernerfelt, 1984). According to Piccoli and Ives (2005) there are two notable ways which add to resource barriers these are asset stock accumulation and organizational learning. These two concepts support the knowledge base view, mostly if the asset being gathered is knowledge.

### **2.3 Service Quality Management Practices**

According to Corbett and Rastrick (2000), operations management studies propose that the presence of varied processes and procedures across industries was as a result of the distinctive commercial situations they face along with the need to stay competitive. The unique corporate needs in each industry could be in terms of consumers' expectation, competition, and technological innovation, can be anticipated to bring various opportunities and threats. As a result, firms are likely to employ different corporate and manufacturing strategies. In essence different companies in different settings define quality practices in different dimensions as it differs across industries (Curkovic et al. (2000). Therefore managers have to understand the different business environments in order to adopt the most favourable approaches for the successful implementation of quality practices.

Various studies have resulted into the following ten distinctive basic methods: upper management obligation and provisions, organization for quality, human resource development, employee participation, supplier quality management, customer focus, strategic management planning, and enhancement of better system quality, information analysis, and good statistical techniques use. However, studies in the shipping industry indicate four broad quality practices that have influence on operational performance: top management obligation and support; human resource development; employee participation; and customer focus.

### **2.3.1 Management Commitment and Support**

Support and Leadership from the top management performs has a vital part in motivating the overall outcome of quality management execution in an organization. According to Raghunathan et al. (1997), managers perform a vital function on how quality management practices are directed in a projected manner which will in turn affect positively the firm's performance and profitability. Zakuan et al. (2010) advocate for a good top quality management leadership practices for there to be improved organizational performance.

### **2.3.2 Employee Participation**

Employee participation is the ability of an organization to consider the viewpoint of its employees. This will improve performance as it enhances understanding between managers and employees thus the conclusion that there is a connection among a firm's success and individual effectiveness.

Employee involvement critical for the success of a firm and therefore find a high placing in the hierarchy of needs. For a firm to implement successfully any new strategies and enhance job

satisfaction, employee participation is considered a key element as this enhances employee commitment as well as motivates them to do better Batthi & Qureshi (2007).

### **2.3.3 Customer Focus**

For organizations to succeed they must have some knowledge of what their customers desires and undertake to be as responsive to their needs as possible through embracing the total quality management approach. Consumer happiness can be achieved through implementation of quality exercises. This is backed by Lee et al. (2003) who discussed that client happiness is clearly related to process improvement. Zakuan et al. (2010) concludes that customer focus for quality management practice is correlated positively with organizational performance.

### **2.3.4 Human Resource Development**

This is key service quality management practices which help a firm in achieving superior operational performance by improving business activity. Human resource development as a quality management practice is clearly linked with organizational performance (Zakuan et al., 2010). The findings from Munyao 2014, indicate that human resource development will have a progressive influence on operational performance of a firm. Employee training programs should be tailored to ensure that they capture the quality needs of the organization.

### **2.3.5 Supplier Quality Management**

For management to be efficient, quality of supplier is made possible through adopting a co-operative connection between the company and its suppliers. Lin et al. (2005) purports that quality guarantee is dependent on supplier selection which can lead to improved performance. Temtine and Solomon (2002) found out that the use of efficient supplier management programs will in the end improve the firms' performance.



## **2.4 Operational Performance and Service Quality Management**

The shipping business like many other industries meets a lot of common business encounters such as substantial rate of capital investments that come with long pay-back and investment phases, and thus bear substantial maritime risks as well as investment difficulties. Simultaneously, the cargo companies also face such new difficulties such as increased governmental regulations, relocation of working resources, growing need to reserve the environs in order to appeal to consumers, changing skill requirements stemming from ever-changing ship technology, and rising consumer expectations. These encounters have compelled the shipping firms to continuously pursue for improvement of their core processes and services using the quality management practices so as to remain in the competitive business environment.

Quality management practices comprises constant improvement, fulfilling consumer needs, easing re-work, holistic thinking, improved employee participation and collaboration, procedure re-design, healthy benchmarking practice, community solution generation, performance quantity of outcomes, along with maintenance of mutually beneficial relationships with suppliers. According to Temtime and Solomon (2002), service quality management involves the continuous improvement of all products through involvement all the members of an organization. Firms that adopt good quality management programs eventually develop a competitive edge as a result of improved operational performance (Lee, 2002). Therefore it is advisable for shipping firms to adopt quality management practices so as to cope and stay alive in the market.

## **2.5 Operational Performance of Shipping Firms**

Universal competition forces organizations to enhance the quality of all their service delivery and also reduce their costs simultaneously. The result to both of these objectives is skilled logistics management through contracting out logistical service. Cho, Ozment & Sink, (2008) in his research examined the effect of logistics skill and logistics subcontracting of an organizational purpose in an e-business marketplace. The survey results spread awareness regarding the organizations logistics competence, subcontracting the logistics function, finally, higher strategy executions in e-commerce, thus conclusion that all core outcomes were significantly positive.

Liner ship transport is the provision of moving goods through high-volumes, seagoing ships that travel on regular directions on fixed timetables. According to data from world shipping council, there are roughly 400 ocean liner services in operation currently, best travel by water weekly. Liner ships, in large containerships and roll-on/roll-off vessels carry 60 percent of the merchandises by value moved globally by marine each year. Container shipment lays privilege to being the initial universal industry and likewise asserting to be the business in which, more than any other makes it possible for a truly global economy fast mover. Liner ships transport nearly 60 percent of the value of seaborne trade or more than US \$4 trillion cost of goods per annum (UNCTAD, 2016).

(Wallenburg, Cahill, Goldsby, & Knemeyer, 2010) in a report on Logistics subcontracting performance and dependability, established that performance is a significant handle to create honesty which was achieved through logistics subcontracting. It was discovered that logistics outsourcing performance developed beyond goals and anticipations of the consumer and

enhanced dependability. Buyers of logistics services have a dilemma: there exists trade-off amongst service amount and the quality and generally also between long-term partnership and competitive markets. Moreover, the buyers need to consider outsourcing also from a broader network perspective, and how to utilize the competences and resources of specialized service providers in the logistics service markets. This is according to Joskow (2005). The bond between outsourcing and performance is lesser established empirically. Porter (1997) in his survey work proposes that outsourcing is one of the important route of enhancing firm's performance opposing that such a confident outsourcing bonds makes a firm more lively and accepts it to progressively centered on its basic accomplishments. It also amplifies the firm's strategic elasticity to act on technological or volume variations (Kotabe, 1998).

## **2.6 Empirical Review**

Huang and Lin (2002) did a study on quality management practices in Asian-pacific countries and found out that most firms agree that quality management programs aided them during the financial crunch in the Asia-Pacific area in 1997 by helping them stay competitive. Their quality management research work finalizes that practices could expands both the physical and financial status quo of a company making a company more responsive and flexible to customer needs.

(Metters, King-Metters, Kathryn, Pullman, Madeleine & Walton, 2006) in their study on successful service operations management found that company can easily understand customer requirements through exhibiting empathy. Listening to customers' anxieties and proving them with a positive solution is how you show empathy. They also found that, if management ask themselves how they would have wanted to be treated if they were the customer, service

delivery staff can be able to visualize empathy as they should deliver it. It is the act of accepting, comprehending, being thoughtful to, and visionary experiencing the outlooks, thoughts, and experience of additional of either the previous or current and having the mental state, thoughts, and experience of fully communicated in an objectively open manner.

Metters et al. (2006) also found that crucial actions to effective understanding include: Being aware of existence of strong feeling in the situation (i.e., anticipation, fear, fury, sorrow, disappointment); Paying attention to the customer's voice, body language, the context of the conversation and anything else that is noticeable helps at this stage of Continuing to visualize how the client may be feeling. Allow the customer to express their feelings and do not rush to give advice or change the subject.

Munyao (2014) did a survey of the influence of SQMP on operational performance of petroleum distributing companies in Kenya. The study establishes a considerably positive correlation involving service quality management practices and operational performance. Ndegwa (2012) did a report to establish common service quality performance in Kenya commercial banks. The study viewed at the range to which service quality measurement is agree to by Kenyan banks. The study found that financial institutions have emphasized on measuring service quality of receptions departments where there is more straight contact with clients. However bank work does not seem to realize service quality measurement and therefore not in support of it.

George (2014) undertook a study to establish the links among service quality and customer fulfillment in accounting colleges in Nairobi which are accredited. The results indicated a clear link among service quality and customer satisfaction. All the five service quality dimensions

except empathy were found to be statistically a major factor influencing consumer fulfilment. The results also revealed that, the clients' expectations were relatively higher than the perception. Musyoka (2010) investigated service quality and library user enjoyment in universities in Kenya. The report found that service quality had a statistically significant decisive effect on user contentment.

From the above studies, it is evident that firms which employ sound quality management practices will without a doubt improve their organizational performance. There is also consensus that adoption quality management brings forth enhanced financial and operational performance, better communication, improved consumer contentment, as well as a sense of teamwork and motivation in the employees (Lee et al, 2011).

## **2.7 Challenges of Implementing of Service Quality Management**

Challenges associated with implementation of service quality management practices are similar to those which affect other management change programs. For instance companies must understand quality from the customers viewpoint as well as their overall service level expectations. When the firm understands customers' needs and becomes more attentive in the quality of the production process then the product will have fewer complaints from customers. Management can measure customer satisfaction through customer surveys, where the managers can use the responses to identify a need, design a conforming product using manufacturing processes that help a firm achieve expected quality and continuously improve service levels.

The implementation of SQMP in firms is not without challenges. Lack of employee commitment is one of the challenges. Customers often grade staffs with the type of service delivering. Non committed workers in service delivery may lead to the customer forming an

opinion about the service provider. Employees that are considered as treasured resources by their companies value their customers highly, and evolve and lead to a dedicated workforce and customer satisfaction (Camison, Flor, Cruz & Kuster, 1996).

Another challenge is leadership. Running is one of the key attribute of management, but the complications of governance as a speculative conception continue to elude academics. (Sureshchandar, Rajendra & Anantharaman, 2001) proposed that top management obligations to service quality management are a necessity for operational and productive enactment of high quality services. Lack of idealistic leadership with a clear awareness of the conceptions of fulfilment service, quality, and values is required to encourage the whole organization toward achieving a service quality management vision, is a great challenge. According to Nwabueze (2001), awareness, knowledge, and understanding of basic service quality management values are fundamentals for top senior manager in promising to service quality improvement.

Keating and Harrington (2003) state that lack of training, inadequate perception of service quality management practices by most employees, resource constraints and the employee resistant to change, are major challenges to the implementation of SQMP. The implementation of SQMP is not without costs. Employees require training to acquire knowledge on SQMP so that they can impact on to the customer positively this require funds and it became a bigger challenge in a resource constrained situation coupled with lack top management commitment on resources allocation towards training. Employee's reluctance to change from old ways of doing things is a major setback in implementation of SQMP. All these challenges should be addressed fully by any firm aspiring to excel and shipping firms in Kenya are not exceptional.

### **2.7.1 Lack of Management Commitment**

Service Quality Management practices thrive when it is implemented with the top management commitment. Success of these programs depends on the ability demonstrate leadership and offer direction of how the program will be beneficial to the firm. Newall and Dale (1990) institute that; the slightest hesitation from top managers was enough reason to distract employees from the main reason behind implementation of the program. Lack of top management commitment in quality management practices can be as a result of many reasons including the obsession with short-term profits plus inadequate understanding of the concept as well as a lack of training in the concept of quality management among the top executives. Correspondingly, Bothe (1988) concurs that quality programs may fail if the top manger doesn't understand the quality management contribution toward the improvement of performance and in effect improve profitability.

To overcome this challenge the top manager should gain an understanding of the practicality of adopting quality improvement programs so as to reap its benefits as an organization. This will bring about commitment to the program regardless of how extensive the programs may be in terms of monetary implications or how complex they may seem at first.

### **2.7.2 Resistance of the Workforce**

In an organization the workforce is normally unwilling to change their work culture in order embrace a quality management system for varied reasons. Oakland (1989) explained that for the implementation of a quality management program not to lose its credibility it must have long term objectives and goals clearly spelt out. That way, an oppositional relationship between management and employee, thus co-operative relationship was essential for successful

implementation of the program. A quality management system should be sustained by employee confidence, approval and acceptance of management's goals. The workers buy-in is thus vital for successful implementation of quality management program.

### **2.7.3 Inadequate Human Resource Development**

In proper training and staff development programs contribute to resistance to change and this makes the implementation of quality programs hard and almost unachievable (Schein, 1990). Quality management needs a well versed workforce who has an extensive understanding of their role in improvement of service quality. Most business firms will devote substantial resources in quality awareness programs, but forget to invest in training programs for their workforces. This phenomenon has been observed by Newall and Dale (1990) who agree that lack of employee training was a key impediment when implementing a quality management program. And further propose that companies must continuously train personnel at all levels of quality management system to attain its benefits. The quality management system must offer inclusive training, along with all the practical skill, teamwork management, communication skills, consumer relations and problem-solving tools.

### **2.7.4 Poor Quality Leadership**

The different hierarchies of organizations controls have led to replication of duties and responsibilities. Lower management feels that quality implementation is a top manager's job. Further quality is not seen as responsibility of both the employees and managers of the firm. The top down approach of managers have left employees feeling coursed to take up quality improvement programs especially workers who are exactly in the manufacturing sector and in inventory control as well as in service delivery. The motivation is low thus they don't integrate



quality management in their daily operation because the leaders do not involve the issue in a holistic approach.

### **2.7.5 Lack of Customer Focus**

Most quality management initiatives may not use the customer driven approach. The focus tends to be on profitability of the venture and how to harness the returns within a period of time. Market research is hardly done to determine the product or service performance in relation to its quality of service bundle. The market research is considered expensive and therefore little need to improve quality of service for improvement of performance.

### **2.7.6 Lack of effective Measurement of Quality Improvement**

Quality management systems measurement is concerned with observation employees output and examination of business processes to establish objectives that foresee the consumers' needs so as to win and retain the client. This is the main dilemma for most of the companies. Poor measurement is caused by goals founded upon poor performance, lack of planning, competition for resources and completion for customers. To top it, statistical measurement measures useful in manufacturing settings may not be relevant to people centered processes.

## **2.8 Summary of Literature Review**

According to Cheng (2013) the degree of survey-based study on the field quality management and organizational performance relation with has expanded exponentially recently. In 2002 Sila and Ebrahimpour evaluated 347 effective management research journals published between 1989 and 2000 and found that a total of 116 examined the effect of quality management practices on organizational performance under diverse perspectives as a core value on management. They generally established that the benefits of quality management

towards a company's performance without doubt will differ on the efficient application of the program (Cheng, 2013).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

Here, highlights of research methods, research design, and population of the study, data collection, and data analysis were discussed.

### **3.2 Research Design**

The research work used a descriptive census survey because the number of shipping lines registered in Kenya by Kenya Maritime Authority is 34 in numbers hence cannot be used to draw a representative sample size as recommended by Kothari and Gang (2004).

### **3.3 Population of the Study**

The population of the survey research was 34 shipping lines registered in Kenya as of June 2016 (KMA Register of Shipping Lines, 2016). As shown in appendix iii

### **3.4 Data Collection**

This review used structured questionnaires to collect data from shipping companies. According to Bryman and Bell (2015) the questionnaire contained carefully crafted questions which generate similar responses if used by other scholars for the same study. This would make analysis of the data collected simple and straight forward. The questions were classified using a Likert scale which the respondents were to respond to.

### 3.5 Data Collection Procedure

The researcher used primary data, collected by means of structured questionnaire. The questionnaires were self-administered by the respondents who were at shipping lines using the drop and pick later approach.

### 3.6 Data Analysis

According to Kothari (2009) the data collected was sorted, analyzed and presented according to the stipulated presumptions during the development of the research proposal. The researcher used descriptive statistics to analyze objective one and three while second objective was scrutinized through use of multiple regression analysis. Model to be developed from the findings was as follows;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Y is the weighted Operational Performance measure for the k<sup>th</sup> Service Quality Management Practice (k= {1...5})

X<sub>1</sub>= Management Commitment and Support

X<sub>2</sub>= Customer Focus

X<sub>3</sub>= Human Resource Development

X<sub>4</sub>= Employee participation

X<sub>5</sub>= Supplier Quality Management

$\beta_0, \beta_1, \beta_2 \dots \beta_5$  are coefficients where  $\beta_i$  represents the weight of X<sub>i</sub> in the model.

$\varepsilon$  represents the error term. The regression coefficient ' $\beta_0$ ' marks the point at which the model starts to operate; while  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  are the net change in Y for each change of  $X_1, X_2, X_3, X_4, X_5$ . The error term normally with a mean of zero was used to capture variables that are not quantifiable. Tables were used to extant the study findings for simple analysis and deduction.

## CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

### 4.1 Introduction

This section generally describes general observations of the data collected and presents the outcome and the findings of the study.

### 4.2 Response Rate

The Questionnaires were distributed to all the shipping lines in Kenya which was a total of 34 questionnaires. The respondents' filled in correctly a total of 31 out of 34 questionnaires. The table 4.1 presents the response rate of 91.18% meaning that the findings would more or less show the correct position of service quality management and operational performances of shipping lines in Kenya.

**Table 4.1 Response Rate**

<b>Particulars</b>	<b>Questionnaires Distributed</b>	<b>Questionnaires Returned</b>	<b>Percentage</b>
<b>Total</b>	<b>34</b>	<b>31</b>	<b>91.18%</b>

### 4.3 General Information

The information sought under this section was the numbers of years the firms had been in business and if they had Service Quality Management Units.

### 4.3.1 Duration in Business

The respondents were requested to give the period in years the firms had been in operation. This information would help the researcher to determine if the shipping lines were in a position to respond to the research questions. The results are shown in table 4.2 where it is indicated that most of the shipping lines had been in operations for over nine years, accounting for 51.61% of the responses. It was however noted that 32.26% had served between six to eight years and only 16.13% had served between 3 to 5 years. From the findings, all the shipping lines had been in operation for more than three years implying that they were in a position to give accurate responses on the variables under study which were service quality management practices and operational performance. The findings are presented in table 4.2

**Table 4.2 Duration in Business**

<b>Duration (years)</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 1	0	0
1 – 2	0	0%
3 – 5	5	16.13%
6 – 8	10	32.26%
Above 9	16	51.61%
<b>Total</b>	<b>31</b>	<b>100.0%</b>

### 4.3.2 Quality Management Unit

The study wanted to establish if the shipping lines had a quality management units. The existence of a quality management unit implies existence of a quality management mechanisms

in an organization. The outcomes were presented in table 4.3; from the findings 74.19% of shipping companies had quality management units while 25.81% did not have.

**Table 4.3 Existence of a Quality Management unit**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Yes	23	74.19%
No	8	25.81%
<b>Total</b>	<b>32</b>	<b>100.0</b>

#### **4.4 Descriptive Analysis of the Study Variables**

The research further sought to investigate the degree to which shipping lines in Kenya had adopted service quality management practices. The respondents gave responses on the questionnaire to show to what extent they agree with the perceived service quality management in their firms. The responses were subjected to descriptive statistics and the outcomes were presented in the subsequent sections.

##### **4.4.1 Top Management Support and Commitment**

The findings indicate that top management encourage employees to consider customer needs and expectations this is so since it had the highest mean of 4.65 and standard deviation of 0.458 this means that majority of the respondents agree with the proposition as per the findings which showed that 74.5% of the respondents strongly agreed with the proposition. This was closely followed by the proposal that top management of excellent shipping lines provide leadership



and tone for quality which had a mean of 4.64 and a standard deviation of 0.594 this meant that top management keenly participates in service quality management issues. A high percentage of the respondents accounting for 61.3% of the total strongly agreeing with the metric. The least metric was represented by a mean of 3.545 with a standard deviation of 0.563, was that top management always attend and actively participate in quality management meetings this indicating that most of the respondents agreed that managers participate in quality meetings. Table 4.4 shows the outcomes as per the responses.

**Table 4.4 Top Management Support and Commitment**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std. Deviation</b>
Employees are encouraged by top management to consider customer needs and expectations.	0%	0%	9.7%	16.1%	74.2%	4.65	0.458
Top management always attend and actively participate in quality management meetings	6.5%	9.7%	51.6%	16.1%	16.1%	3.45	0.563
Necessary resources are provided to carry out the activities efficiently.	0%	0%	12.9%	25.8%	61.3%	4.50	0.868
Top management of excellent shipping firms provide leadership and tone for quality	0%	0%	9.7%	38.7%	51.6%	4.64	0.594
All employees have information on service quality objectives.	0%	0%	0%	54.8%	45.2%	4.25	0.456
Service quality is part of top management performance evaluation.	12.9%	9.7%	32.3%	19.3%	25.8%	3.95	0.436
<b>Average</b>						<b>4.24</b>	<b>0.563</b>

#### 4.4.2 Customer Focus

The findings from the study as tabulated in table 4.5 enabled the researcher to deduce that excellent shipping lines provide service on time presenting the highest mean of 4.755 and a standard deviation of 0.494 which means that majority of the respondents strongly agreed with the preposition represented by a 58.1% of the responses . It was evident that the least practised customer focus metric was that shipping lines carry out research to establish customer satisfaction rates, which had a mean of 3.426 and a standard deviation of 1.098 which implies that the respondents had disparity in agreement of this preposition this is evident in that 16.1% did not agree while 35.5 % were neutral and only16.1 agreed with the statement . The conclusion was drawn from the fact that the element had a mean of less than 4 which indicates that the practice was not carried out significantly.

**Table 4.5 Customer Focus**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std. Deviation</b>
The company includes customers' requirements product development.	0%	0%	9.7%	38.7%	51.6%	4.529	0.515
Customer satisfaction evaluation is done periodically.	16.1%	32.3%	35.5%	16.1%	0	3.426	1.098
Excellent shipping lines do timely service delivery at all times.	0%	0%	0%	41.9%	58.1%	4.755	0.494
Studies are conducted to determine customer needs, expectations and wants.	0%	0%	35.5%	25.8%	38.7%	4.227	0.668

The firm encourage its customer to give feedback on quality and delivery performance	0%	0%	22.6%	35.5%	41.9%	4.53	0.789
<b>Average</b>						<b>4.294</b>	<b>0.713</b>

#### 4.4.3 Human Resource Development

The researcher established that TQM training was important in the improvement of operational performance of shipping lines which a mean of 4.85 and a standard deviation of 0.512 the results were confirmed by the responses, where 64.5% strongly agreed with the preposition.. The findings also show that the firms had invested in the wellbeing of the employees and taken effort to cultivate good relations, represented by mean of 4.54 and standard deviation of 0.312 and 51.6% strongly agreed responses made by the respondents. The least practiced was training needs were evaluated and addressed with mean of 4.355 which is relatively high implying that the needs were well evaluated and taken into consideration, 41.9% representing the total agreed responses form the respondents. Findings were presented in table 4.6

**Table 4.6 Human Resource Development**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std. Dev</b>
The firm emphasize on TQM-oriented training for its employees	0%	0%	0%	35.5%	64.5%	4.85	.532
The firm has invested in its employees wellbeing to create goodwill and cultivate employee relations	0%	0%	6.5%	41.9%	51.6%	4.54	.312

The firm places employee competence among top requirements for its quality systems	0%	0%	19.4%	48.4%	32.3%	4.36	.216
From time to time training needs are evaluated and addressed	0	3.2%	25.8%	41.9%	29%	4.355	.355
After training, analysis is done to evaluate improvement and employee motivation	0	0	12.9%	41.9%	45.2%	4.41	.364
<b>Average</b>						<b>4.503</b>	<b>0.364</b>

#### 4.4.4 Employees Participation

The research findings for the employee participation metric were as presented in table 4.4. The findings established a strong presence of employee participation in service quality management in shipping lines with mean of 4.322 and a standard deviation of 0.8605, this was affirmed by the fact that 38.7% of respondents agreed with the statement. It was also established that employees get feedback on their quality performance and were encouraged to give feedback had a mean of 4.651 and a standard deviation of 1.108 as shown in responses of 54.8% of the respondents strongly agreeing. Following in agreement was shipping lines invest in cross-functional teams and employees are involved in solution formulation with mean of 4.542 and a standard deviation 0.996 this is confirmed by the 38.1% strongly agreed responses. The least implemented employee participation was the firm's delegation of responsibility in order to nurture confidence in employees this had a mean of 3.971 and a standard deviation of 0.565 meaning most of the respondents pointed out the firms' exercised caution when delegating authority.

**Table 4.7 Employees' Participation**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mea n</b>	<b>Std. Deviation</b>
The firm has embraced delegation of responsibility in order to nurture confidence in employees	0%	6.5%	38.7%	41.9%	12.9%	3.971	.565
Excellent shipping firms will invest in cross-functional teams for employees to take part in solution formulation	0%	9.7%	19.4%	32.3%	38.7%	4.542	.996
Total quality management involvement of all employees for improvement.	0%	6.5%	29%	38.7%	25.8%	4.316	.8595
Employees get feedback on their quality performance and are encouraged to give comments.	0%	0%	12.9%	32.3%	54.8%	4.651	1.108
Free lines of communication in the organization.	0	3.2%	12.9%	48.4%	35.5%	4.13	.774
<b>Average</b>						<b>4.322</b>	<b>0.8605</b>

#### 4.4.5 Supplier Quality Management

The researcher established that supplier quality management was critical in improving operational performance this was confirmed by a mean of 4.396 and a standard deviation of 0.509. The study findings established that selection of appropriate suppliers was the most practiced supplier quality management metric compared to prompt payment of suppliers and deliberate efforts to keep good supplier relationships which had means of 4.72 and 4.54 respectively. The conclusion was made based on the fact that majority of the respondents agree with the statements which was shown by 54.8% strongly agreeing that firms need to select

good suppliers. The findings also indicate that supplier early involvement is the least practiced supply quality management metric with a mean of 3.89 and a standard deviation of 0.694. This is evident since 45.1 % of the respondents were neutral in their response. Table 4.7 presented the findings.

**Table 4.8 Supplier Quality Management**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std. Dev</b>
The firm selects the most appropriate supplier of goods, works or services	0%	0%	0%	45.2%	54.8%	4.72	.467
Promptly pays their suppliers	0%	0%	25.8%	35.5%	38.7%	4.54	.576
The firm practices early supplier involvement to ensure they understand the firms quality needs	0%	12.9%	45.1%	25.8%	16.1%	3.89	.694
The firm makes deliberate effort to keep good supplier relations	0%	6.5%	29%	38.7%	25.8%	4.45	.371
Supplier appraisal is done periodically	0%	0%	16.1%	32.3%	51.6%	4.382	.436
<b>Average</b>						<b>4.396</b>	<b>0.509</b>

#### **4.4.6 Operational Performance**

The operational performance variable was measured using the discussed sub-variables in the literature which were quality (Y1), flexibility (Y2), productivity (Y3), efficiency (Y4) and cost (Y5). The respondents were asked gauge their firms operational performance based on the current status at that time. From the findings the researcher deduced that operational performance of the shipping lines improved as a result of adopting service quality management practices as all the indicators had means above 4 which show that the respondents agreed with the premise.

The findings further indicate that productivity of the shipping lines improved the most with a mean of 4.6 and all the indicators under it scoring a mean of 4.5 and above. The frequencies of strongly agree and agree having a response of above 60% in total. Coming in secondly, was the quality metric which had a mean of 4.38 and a standard deviation of 0.457 this was supported by the fact that the frequencies had over 70% agree responses. Notable was the indicator of improved product reliability and usability which had a mean of 4.58 confirming that service quality management led to not only improved products but also reliable and increases product usability. The third operational performance indicator was efficiency which had a mean of 4.32 and a standard deviation indeed service quality management goal is to ensure that customers are served faster and there is product availability. The fourth operational performance indicator was cost with a mean of 4.29 and a standard deviation of 0.712 indicating that embracing service quality management reduces material cost and reduces interruption of operations. The last operational performance indicator was flexibility which had a mean of 4.24 and a standard deviation of 0.563 meaning that service quality management lead to improved customer service and encouraged customization of customer requirements which is represented by over 70% strongly agree and agree responses from the repondents.

**Table 4.8. Operational performance of Shipping Firms**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std deviation</b>
<b>A. Quality goods &amp; services</b>							
A1. Improved features in products and services	0%	6.5%	12.9%	51.6%	29%	4.03	0.531
A2. Quality output	0%	0%	19.4%	41.9%	38.7%	4.53	0.519

without defects and complains								
A3. Increased product reliability and usability	0%	0%	6.4%	58.1%	35.5%	4.58	0.321	
<b>Average</b>						<b>4.38</b>	<b>0.457</b>	
<b>B. Flexibility</b>								
B1. Increased service customization	0%	9.7%	19.4%	35.5%	35.5%	4.14	0.664	
B2. Reduced customer service time	0%	6.5%	12.9%	51.6%	29%	4.27	0.615	
B3. faster response to customers and timely delivery	0%	0%	25.8%	54.8%	19.4%	4.25	0.411	
<b>Average</b>						<b>4.24</b>	<b>0.563</b>	
<b>C. Productivity</b>								
C1. Improved number of vessels cleared	0%	0%	9.6%	45.2%	45.2%	4.61	0.868	
C2. Improved Handling of containers	0%	0%	6.5%	32.2%	61.3%	4.69	0.554	
C3. Reduced errors and defects in service delivery	0%	6.5%	16.1%	45.2%	32.2%	4.59	0.381	
<b>Average</b>						<b>4.6</b>	<b>0.601</b>	
<b>D. Efficiency</b>								
D1. Speedy delivery of customer orders	0%	9.7%	6.5%	45.2%	38.7%	4.46	0.929	
D2. Product availability	6.5%	12.9%	38.7%	29%	12.9%	3.98	0.868	
D3. Raw materials readily available	0%	6.5%	25.8%	29%	38.7%	4.52	0.786	
<b>Average</b>						<b>4.32</b>	<b>0.861</b>	
<b>E. Costs</b>								
E1.Reduced material	0%	12.9%	6.5%	51.6%	29%	4.31	0.537	



costs and stock out costs							
E2. Reduced operations costs	0%	0%	12.9%	54.8%	32.3%	4.38	0.789
operations thus lower costs							
E3. Uninterrupted operations	6.5%	9.7%	16.1%	41.9%	32.2%	4.18	0.837
<b>Average</b>						<b>4.29</b>	<b>0.721</b>

#### 4.5 Service Quality Management implementation Challenges

The researcher sought to establish challenges shipping lines' faces when implementing service quality management. These challenges were ranked on a likert scale of 1-5. From table 4.9, the study concluded that the most experienced challenge was lack of enough resources in a firm can be a source of unsuccessful implementation of service quality a management practices in that firm which had a mean of 4.65, followed by lack of top management support which had a mean of 4.54. The findings further indicate that shipping line found implementation of service quality management challenging if they had inadequate information on service quality management practices the mean was 4.536, inadequate training followed with a mean of 4.50, the findings show that the while the least experienced was established was customer satisfaction had a mean of 3.65 meaning that most of the shipping lines had taken customer satisfaction seriously.

**Table 4.7 : Challenges of Implementing Service Quality Management**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Rank</b>
------------------	-------------	------------------	-------------

Resistance to change on the part of employee can be a cause of failure in implementing service quality management practices.	3.95	.954	6
Lack of top management support	4.54	.383	2
Inadequate training of staff on service quality management practices	4.50	.576	4
Failure to implement quality management in the processes	3.87	.785	7
Lack of enough resources in a firm can be a source of unsuccessful implementation of service quality a management practices in that firm.	4.650	1.167	1
Customer Satisfaction not being met	3.65	.476	8
Inadequate information on service quality management practices hinders their successful implementation.	4.536	.867	3
Lack of effective measurement of service quality management.	4.15	.612	5
<b>Average</b>	<b>4.231</b>	<b>.695</b>	

#### **4.6 Service Quality Management and Operational Performance**

The scholar sought to determine the effect of service quality management practices on operational performance of shipping firms in Kenya. The service quality management metrics were rated on a likert scale of 1 - 5 for various operation performance indicators. The findings were evaluated from the average responses obtained from the questionnaires. The results are as presented in the following sections.

##### **4.6.1 Regression Analysis**

The scholar sought to find effects of supply chain risk management on operational performance ( $Y_1$ ) using multiple regression. The results presented in table 4.11 shows that the value of

Adjusted R Square is 0.953, which is 95.3%. This implies that service quality management is a critical component in improving the operational performance of shipping in Kenya firms. The results further indicate that the left 4.7% of operational performance improvement is as a result of other factors not put into consideration by the researcher. The significance value of .000 is way below 0.05 which indicates that the study variables have a significant influence over one another implying that service quality metrics will substantially affect operational performance. From the table also, the correlation coefficient value is 0.980 which is closer to +1 indicates a strong optimistic relationship between service quality management and operational performance.

**Table 4.8 Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.980 <sup>a</sup>	.961	.953	.11234	.961	121.871	5	25	.000

a. Predictors: (Constant), Supplier Quality Management, Management commitment and support , Human Resource Development, Customer Focus, Employee participation

#### 4.6.2 Analysis of variance (ANOVA)

Analysis of variance (ANOVA) results presented in table 4.12. From the ANOVA the significant value means that the model was statistically significant. It shows the effect of service quality management practices on operational performance was significant at  $F(5,30)=121.87, p=.000^b$  since the p value was lower than 0.05. It further shows that in groups of 5, as

a result of using the 5 degree of freedom, the means are the same in 25 shipping lines and that the only different from the others are 5. Thus most repondents' agree that there is a significant effect of the independent variable on the dependent variable.

**Table 4.9 Analysis of Variance (ANOVA)**

<b>Model</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1 Regression	7.690	5	1.538	121.871	.000 <sup>b</sup>
Residual	.316	25	.013		
Total	8.006	30			

a. Dependent Variable: Operational Performance

b. Predictors: (Constant), Supplier Quality Management, Management commitment and support , Human Resource Development, Customer Focus, Employee Participation

### 4.6.3 Regression Coefficients

The regression equation derived from the research data in table 4.13 was established as follows:  $Y = .443 + 0.333X_1 + 0.231X_2 + 0.042X_3 + 0.256X_4 + 0.052X_5$ . The regression model showed that there was positive operations management indication of 0.443 without the implementation of service quality metrics in shipping firms. The study established that a factor increase in (X1) Management Commitment and Support may lead to an increase in the operational performance factor of 0.333, whereas a unit growth in Customer Focus (X2) would lead to a positive increase in the operational performance factor by 0.231, equally, a unit rise in Human Resource Development (X3) factor would lead to an improved operational performance of shipping firms by 0.042, to conclude the analysis a unit increase  $X_4=$

Employee participation (X4) and X5= Supplier Quality Management metrics would lead to a positive effect on operational performance of shipping firms by 0.256 and 0.052 respectively. The equation shows there a positive effect of service quality delivery on operational performance though clearly from the findings the researcher noted that human resource development and supplier quality management had significance values higher than 0.05 implying that the metrics were insignificant in determining operational performance of shipping firms in Kenya. However the other components which were the management commitment, customer focus and employee participation had significance values that were below 0.05 thus implying that they are significant in the determination of operational performance of the shipping firms in Kenya.

The results are shown in table 4. 11

**Table 4.10 Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig
(Constant)	.443	.341		1.299	.206
Management commitment and support	.333	.056	.363	5.993	.000
Customer Focus	.231	.038	.318	6.032	.000
Humana Resource Development	.042	.063	.029	.656	.518
Employee Participation	.256	.046	.427	5.563	.000
Supplier Quality Management	.052	.054	.051	.957	.348

a. Dependent Variable: Operational Performance

#### 4.6.4 Correlation Coefficients

Further, findings from correlation section was presented in table 4.12 reveal that there are strong positive correlation between the management commitment and support and operational performance represented by 0.726. The other Service quality metrics that is customer focus, employee participation and supplier quality management also had a strong positive correlation with operational performance. However there was a weak correlation noted between human resource development and operational performance of 0.270.

**Table 4.11 Correlations between Operational Performance and SQMPs**

		<b>Mgt commitm ent and support</b>	<b>Custo mer focus</b>	<b>Human RD</b>	<b>Employee participat ion</b>	<b>Supplier quality mgt</b>	
<b>Operational Performance</b>	<b>Pearson Correlation</b>	.726**	.753**	.270	.917**	.602**	1
	<b>Sig. (2- tailed)</b>	.000	.000	.142	.000	.000	
	<b>No.</b>	31	31	31	31	31	

Correlation is significant at the 0.05 level (2-tailed)\*

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

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This section contain the summary of findings and conclusions made from the report and then the recommendations for further study. The summary of findings were presented in connection with the study objectives.

### **5.2 Summary of the Findings**

The scholar had three objectives; the first objective to establish the level of embracing of service quality management; the second objective was to determine the relationship of service quality management and operational performance of shipping lines in Kenya; the third objective being to establish challenges of implementing service quality management in shipping lines in Kenya.

Results indicated that service quality management adoption was extensive in shipping companies in Kenya represented by means higher than 4 thus implying that majority of the shipping firms had implemented service quality management. The results also showed that more firms put into consideration employee development and supplier quality management to ensure that there was improved operational performance. The findings indicated that top management need to be committed and supportive of the service quality management policy. The other very significant metric was customer focus and employee participation which were clearly important in service quality management with means of 4.27 and 4.268 respectively.

The service quality management metrics ranked as follows employee development was top with a mean of 4.46, supplier quality management which had a mean of 4.36 seconded, then customer focus come in third with a mean of 4.268, fourth was employee participation with a mean of 4.26 and lastly top management commitment and support with a mean of 4.23. The findings indicate that all the service quality metrics had been strongly adopted by shipping lines in Kenya.

The relationship between service quality management practices and operational performance was the second objective. In this part, results from the regression analysis show a robust correlation between service quality management and operational performance where 95.3% of improvement in operational performance is determined by service quality management. From the regression model derived, the findings indicates that operational performance of shipping lines would be 0.443 if all factors were held constant. From the regression model it was clear that all the service quality management metrics would lead to a positive improvement in operational performance of shipping lines. The regression model had an adjusted r of 0.953 showing that 95.3% of the operational performance improvement in shipping lines in Kenya was a result of adopting service quality management. The significance value was 0.000 this showed that the service quality aspects were statistically weighty in explaining the operational performance of shipping firms.

The third objective sought to establish the challenges of implementing service quality management in shipping lines in Kenya, from the results, it was documented that the most experienced challenge when implementing service quality management in shipping lines in Kenya was inadequate resources for implementing therefore companies should strive to



achieve them the least challenge experienced was customer satisfaction which is a good sign if the customers were happy then service delivery and operational performance would be improved. The other experienced challenges were resistance to change, failure to implement quality management in the process, inadequate information and lack of effective measurement of service quality management.

### **5.3 Study Conclusions**

Results of this study concur with previous studies done in literature. The study found out that most of the shipping companies that had adopted service quality management had improved operational performance. The results show that shipping firms had to a large extent adopted the service quality management practices and they were aware of the benefits of the move this concurs with George (2014). The findings further institute the need to adopt service quality management as it would significantly improve operational performance of shipping lines this agrees with Musyoka (2010) the findings indicate that firms which want to do well should embrace service quality management.

The study concludes that top management support and commitment would contribute highest in improving operational performance of shipping lines in Kenya. This was followed by employee participation and customer focus respectively. The study findings have been advocated by different researchers Jin (2005), Corbett and Rastrick (2000) and Munyao (2014) they affirm that service quality is an essential tool for continuous improvement of operational performance of firms and specifically by using these service quality practices upper administration support and obligation, staff contribution and consumer concentration, worker

training and development the entire organization toward accomplishing a service quality management vision.

The study further reveals that lack of enough resources in a firm can be a source of unsuccessful implementation of service quality a management practices in shipping lines. This was closely followed by lack of management support and commitment the results concur with Mwangi, 2014 asserting that top management was crucial for an organizations implementing service quality management practices. The other challenges identified were inadequate information on service quality management, lack of employee participation in the process and resistance to change these factor hinders successful implementation of service quality management practices.

#### **5.4 Study Recommendations**

The study recommendation is that service quality management practices should be introduced by firms to significantly improve operational performance and to serve their customers better as well as for continuous improvement. The researcher recommends specifically increasing the following service quality metrics; top management support and commitment, employee participation and client need emphasis as the highest contributing factors in improving operational performance. The researcher advices firms to be proactive and aware of the challenges in the implementation of service quality this will minimize the setbacks of the process and enable companies to enjoy the benefits of adoption of service quality management practices.

### **5.5 Limitations of the Study**

The scholar faced a few of limitations as the time for collecting data was minimal therefore the risk of collecting wrong information. The study also faced resistance from the respondents who were apprehensive about providing information on their operations. The researcher however explained that the information was purely for academic purpose and assured them of non-disclosure.

### **5.6 Suggestions for Further Research**

The researcher proposes that the study be replicated in other industries and contexts to establish the validity of findings. The study focussed on four service quality management metrics it may be crucial for the researchers to explore other practices to determine the weight of the findings.

The researcher suggests that a similar study be undertaken in future to ascertain the study findings and serve as a follow up on the progress of shipping lines on the adoption of service quality. The researcher proposes the study to have an objective of seeking to establish the benefits derived by firms after adoption of service quality management practices.

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## APPENDICES

### Appendix I: Letter of Introduction

22<sup>nd</sup> November, 2018

Dear Respondent,

I am a postgraduate student at the School of Business, University of Nairobi, currently carrying out a research titled **RELATIONSHIP BETWEEN SERVICE QUALITY MANAGEMENT PRACTICES AND OPERATIONAL PERFORMANCE OF SHIPPING FIRMS IN KENYA.**

This research work is done as partial fulfillment to the award of Master of Business Administration degree.

You have been selected as one of the respondents in this study and thus request your full cooperation in collection of required data by answering the question herein.

The information provided will be treated as confidential and will only be used for academic purpose. A copy of the completed project report shall be availed to you upon request.

Your assistance and cooperation will be highly appreciated. Thank you in advance.

Yours faithfully,

Jamleck M. Mulalya

Student

0707900439

Kingsford Rucha

Research Supervisor

0722 592364

## Appendix II: Questionnaire

### Questionnaire

The evidence given here will be used merely for academic use and will be treated with maximum confidentiality.

#### Instructions

Please answer the questions as objectively as possible. Please put a tick (✓) where appropriate

#### PART A: Demographic Information

1. How long has your shipping company been in operations?

- a) Less than one year
- b) 1 to 2 years
- c) 3 to 5 years
- d) 6 to 8 years
- e) More than 9 years

2. Does your firm have a quality management Unit? Yes or No

**SECTION B: SERVICE QUALITY MANAGEMENT PRACTICES**

To what extent do you agree that the following statements contribute to your company’s service quality management practices? Rate these factors on a scale of 1-5 (1-Strongly Disagree, 2-Disagree, 3-Neutral, 4 Agree, 5 strongly Agree)

<b>Dimension</b>	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Top Management Commitment and Support</b>	Employees are encouraged by top management to consider customer needs and expectations					
	Top management always attend and actively participate in quality management meetings					
	Necessary resources are provided to carry out the activities efficiently.					
	Top management of excellent shipping firms provide leadership and tone for quality					
	All employees have information on service quality objectives.					
<b>Employee Participation</b>	The firm has embraced delegation of responsibility in order to nurture confidence in employees					
	Excellent shipping firms will invest in cross-functional teams for employees to take part in solution formulation					
	Total quality management involvement of all employees for improvement.					

	Employees get feedback on their quality performance and are encouraged to give comments.					
	Free lines of communication in the organization.					
<b>Customer Focus</b>	The company includes customers' requirements product development.					
	Customer satisfaction evaluation is done periodically.					
	Excellent shipping firm do timely service delivery at all times.					
	Studies are conducted to determine customer needs, expectations and wants.					
	The firm encourage its customer to give feedback on quality and delivery performance					
<b>Human Resource Development</b>	The firm emphasize on TQM-oriented training for its employees					
	The firm has invested in its employees wellbeing to create goodwill and cultivate employee relations					
	The firm places employee competence among top requirements for its quality					

	systems					
	From time to time training needs are evaluated and addressed					
	After training, analysis is done to evaluate improvement and employee motivation					
<b>Supplier Quality Management</b>	The firm selects the most appropriate supplier of goods, works or services					
	Promptly pays their suppliers					
	The firm practices early supplier involvement to ensure they understand the firms quality needs					
	The firm makes deliberate effort to keep good supplier relations					
	Supplier appraisal is done periodically					

**SECTION C: OPERATIONAL PERFORMANCE**

**Effect of service quality management on the following Operational performance Metrics.**

State the extent to which you agree that the service quality management practices in SECTION B above affects operational performance of your organization. 1= slightly disagree, 2 = Disagree, 3= Slightly Agree, 4 = Agree, 5= strongly agree.

<b>Operational Performance Indicator</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>A. Quality goods &amp; services</b>					
A1. Improved features in products and services					
A2. Quality output without defects and complains					
A3. Increased product reliability and usability					
<b>B. Flexibility</b>					
B1.Increased service customization					
B2. Reduced customer service time					
B3. faster response to customers and timely delivery					
<b>C. Productivity</b>					
C1. Improved number of vessels cleared					
C2. Improved Handling of containers					
C3. Reduced errors and defects in service delivery					
<b>E. Efficiency</b>					
D1. Speedy delivery of customer orders					
D2. Product availability					
D3. Raw materials readily available or near firm					
<b>E. Costs</b>					
E1.Reduced material costs and stock out costs					
E2. Reduced operations costs					
E3. Uninterrupted operations thus lower costs					



**SECTION D: CHALLENGES IN IMPLEMENTING SERVICE QUALITY MANAGEMENT PRACTICES AMONG SHIPPING FIRMS IN KENYA**

Q12. Please indicate the extent to which each of the following factors was a challenge in the implementation of service quality management. Using the following scale: 1= slightly disagree, 2 = Disagree, 3= Slightly Agree, 4 = Agree, 5= strongly agree.

<b>Challenges</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Resistance to change on the part of employee can be a cause of failure in implementing service quality management practices.					
Lack of top management support					
Inadequate training of staff on service quality management practices					
Failure to implement quality management in the processes					
Lack of enough resources in a firm can be a source of unsuccessful implementation of service quality a management practices in that firm.					
Customer dissatisfaction					
Inadequate information on service quality management practices hinders their successful implementation.					
Lack of effective measurement of service quality management.					
Any other challenge (specify)					

**THANKS FOR YOUR COOPERATION**

### **Appendix III: List of Registered Shipping Lines**

1. Africa shipping Lines - Mombasa
2. Agen Pacific Line (K) Ltd, Mombasa
3. Alternative Freight Logistics Ltd, Mombasa
4. Ampees Shipping and General Agencies, Mombasa
5. Breakbulk Enterprises, Mombasa
6. East African Commercial and Shipping Company Ltd, Mom
7. East African Commercial Shipping Company Ltd, Mombasa
8. East African Consolidation Services (EACSL) Ltd, Mombasa
9. Ecu - Line (Kenya) Ltd, Mombasa
10. Express Shipping and Logistics (EA) Ltd, Mombasa
11. GAC-Seaforth Shipping (Kenya) Ltd, Mombasa
12. Global Express International, Mombasa
13. I Messina (K) Ltd, Mombasa
14. Ima (Kenya) Ltd, Mombasa
15. Inchcape Shipping Services, Mombasa
16. Kenya National Shipping Line Ltd, Mombasa
17. Kenya National Shipping Line, Mombasa
18. Kenya Shirts Manufacturing Company, Mombasa
19. Kihanya Ship's Contractors Ltd, Mombasa
20. Macedonian Maritime Ships Service, Mombasa
21. Multiport International Ltd, Mombasa
22. Murri Ship Management Ltd, Mombasa
23. Murtaza Shipping Agency Ltd, Mombasa
24. Oak Shipping Agencies Ltd, Mombasa
25. Panalpina Kenya Ltd, Mombasa
26. PIL (Kenya) Ltd, Mombasa
27. Rais Shipping Services (Kenya) Ltd, Mombasa
28. Safco (K) Ltd, Mombasa
29. Safmarine Kenya Ltd, Mombasa

30. Sentrans Maritime Ltd, Mombasa
31. Sinataco (Kenya) Ltd, Mombasa
32. Stejan Freight Forwarders (K) Ltd, Mombasa
33. Track Freight Express Lines Ltd, Mombasa
34. Zim Kenya, Mombasa

### Appendix IV: Study Timelines

<b>Research Activities</b>	<b>Jun 2018</b>	<b>Jul 2018</b>	<b>Aug 2018</b>	<b>Sep 2018</b>	<b>Oct 2018</b>	<b>Nov. 2018</b>
Proposal writing and literature review	XXXXXX XXXXXX XXXXXX	XXXXXX XXXXXX XXXXXX				
Proposal presentation			XXXXXX XXXXXX XXXXXX XXXXXX			
Collecting of primary data from respondents				XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX		
Statistical data analysis and final draft project report submission					XXXXXXXX XXXXXXXX XXXXXXXX XXXXXXXX	
Final project defense and Publication of report						XXXXXX XXXXXX XXXXXX XXXXXX XXXXXX
Final Corrections Submission as per requirements And publishing						XXXXXX XXXXXX XXXXXX XXXXXX

### **Appendix V: Study Budget**

<b>NO.</b>	<b>ITEM DESCRIPTION</b>	<b>AMOUNT(KSH)</b>
1.	Field activities and materials	Kshs. 15,000.00
2.	Research assistants expenses	Kshs. 10,000.00
3.	Thesis writing (Typing)	Kshs. 7,000.00
4.	Contingency	Kshs. 5,000.00
<b>TOTAL</b>		<b>Kshs. 37,000.00</b>