



**THE INFLUENCE OF PERCEIVED SERVICE QUALITY ON CUSTOMER LOYALTY AMONG PASSENGERS OF RAILWAY TRANSPORT SERVICES IN KENYA**

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**Accepted: October 30, 2024**

**DOI: <http://dx.doi.org/10.61426/sjbcm.v12i1.3182>**

**ABSTRACT**

*This study intended to establish the influence of perceived service quality on customer loyalty. It determined whether perceived service quality directly associated with customer loyalty among passengers of railway transport services in Kenya. The study adopted a pragmatism paradigm and utilized a descriptive, convergent mixed methods research design. A proportional stratified random sampling procedure was implemented to select samples from each railway service provider, ensuring that all subgroups were adequately represented within the sample. A total sample size of 357 respondents was achieved through simple random sampling. The study population consisted of all railway customers who had frequently utilized passenger services in Kenya. Data collection was facilitated through a self-administered questionnaire. A pilot study was conducted to assess the reliability and validity of the questionnaire. Descriptive and inferential statistics were employed to analyze the quantitative data, while thematic analysis was applied to the qualitative data. The study results indicated that there existed a moderate positive relationship between perceived service quality and customer loyalty. The relationship between perceived service quality and customer loyalty was robust and significant ( $F=147.444$ ,  $p\text{-value}\leq 0.05$ ). The study concluded that an increase in perceived service quality is positively correlated with higher levels of customer loyalty. This indicates that enhancements in service quality dimensions have a positive impact on customer loyalty.*

**Keywords:** Perceived Service Quality, Customer Loyalty, Railway Transport Services, Kenya

**CITATION:** King'ola, A., Njeru, W., Kibera, F., & Musyoka, R. (2025). The influence of perceived service quality on customer loyalty among passengers of railway transport services in Kenya. *The Strategic Journal of Business & Change Management*, 12 (1), 229 – 236. <http://dx.doi.org/10.61426/sjbcm.v12i1.3182>

## INTRODUCTION

Service businesses must enhance service quality and improve customer loyalty to ensure their survival in a competitive business environment. The concept of perceived service quality has prompted extensive scholarly discourse, with existing literature revealing a lack of consensus concerning its conceptualization and measurement, particularly in light of the distinctive characteristics of services (Schembri & Sandberg, 2011; Grönroos, 2007; Parasuraman et al., 1985). The SERVQUAL model, which is widely recognized as a metric for assessing service quality in service-oriented enterprises, comprises five dimensions: responsiveness, tangibility, empathy, reliability, and assurance (Parasuraman et al., 1988). The current study defines perceived service quality as the customer's assessment of the overall excellence of a service. This evaluation is based on the difference between their expectations before the service and their actual experiences during the service interaction.

Customer loyalty remains a debated topic among researchers and has garnered significant interest among marketing scholars due to its complex definition and measurement (Morgeson et al., 2023; Ivanauskiene & Auruskevicien, 2009; Chen & Ching, 2007). Ivanauskiene and Auruskevicien (2009) noted the lack of a universally accepted definition of customer loyalty. Discussions continue regarding its precise meaning and contributing factors, leading to diverse interpretations of the loyalty construct. Reichheld and Sasser (1990) and Fornell et al. (1996) developed the American Customer Satisfaction Index (ACSI) model, which suggests that customer loyalty can be measured through various dimensions, such as the likelihood of repurchase, word-of-mouth communication, complaint behavior, and price tolerance.

Customers often buy the same services from the same vendors, making many acquisitions a series of events rather than isolated occurrences. The likelihood of repurchase is indicated by a customer's propensity to re-buy. Furthermore, Zeithaml, Berry, and Parasuraman (1996) suggested

that loyal customers are more likely to repurchase, are less sensitive to price changes, and are more inclined to share positive word-of-mouth feedback.

Passengers of railway transport services are individuals who journey from one railway station to another via train. In Kenya, railway transport plays a crucial role in fostering sustainable economic growth and serves as a fundamental means of enhancing transportation across borders (Thuita, 2019; Bramo, 2014). As a viable alternative to current transportation systems, it enables the efficient movement of large freight volumes and numerous passengers over long distances in a relatively short time.

There is a necessity to identify the critical factors that affect loyalty within the Kenyan railway sector. This requires conducting a survey to evaluate the service quality provided to railway passengers. The results of this study will offer valuable insights into how to meet passenger expectations. These expectations are connected to several factors, including safety, convenience, service availability, comfort, and overall service quality. Meeting these expectations is essential for enhancing passenger satisfaction, which in turn fosters loyalty to rail transport (Jui-Sheng Chou, 2009). As the number of passengers grows, so do their expectations, placing additional pressure on service providers to deliver high-quality services.

The railway industry in Kenya consists of the Madaraka Express Nairobi Commuter Rail, the Nairobi-Nanyuki train, and the Kisumu Safari Train (KRC, 2021). Fu, Eboli, Mazzulla, and Zhang (2017) emphasized the necessity for railway operators to assess commuter satisfaction with service quality attributes and to identify strategies for enhancing service quality and overall customer satisfaction. This study specifically targeted customers who frequently utilize railway passenger services in Kenya, focusing on individuals in the departure lounges at the Nairobi Central Railway Station while they await their journeys.

### **Study Objective**

To assess how perceived service quality affects customer loyalty among passengers of railway transport services in Kenya.

### **Problem of Research**

Service quality can either align with, exceed, or fall short of customer expectations, leading to varying outcomes such as satisfaction, delight, or dissatisfaction. The literature highlights several factors that influence customer loyalty, including perceived service quality, demographic characteristics, and overall customer satisfaction. However, despite the abundance of theories, notable gaps and inconsistencies persist, challenging the established relationships among these factors in relation to customer loyalty.

The omission of internal service quality in the SERVQUAL model proposed by Parasuraman et al. (1985) highlights the need to incorporate employee-provided service quality into frameworks aimed at gaining a more comprehensive understanding of its impact on customer loyalty. Additionally, the SERVQUAL model fails to clarify how service quality is evaluated concerning the gaps between customer expectations and perceptions. This gap indicates the necessity for a more robust framework that explains the evaluation mechanisms involved. Furthermore, the complexities surrounding service quality underscore the importance of further investigation into various dimensions that go beyond simple expectations and perceptions, ultimately enhancing customer loyalty (Medberg & Gronroos, 2020; Zeithaml et al., 2018).

The contextual gap lies in the absence of comprehensive research on service quality in the railway transport sub-sector, despite its crucial role in passenger transportation. While the existing literature acknowledges the importance of this sub-sector, there is a significant lack of in-depth studies focused specifically on railway passenger transport in Kenya. This shortfall highlights the need for an independent investigation to fill this research gap

and provide valuable insights into the state of railway passenger transport services in the country.

A notable knowledge gap in the empirical literature is the contradiction in findings regarding the relationship between perceived service quality and customer loyalty. Some studies, such as those by Rahim (2016) in Nigerian airline firms and Auka, Bosire, and Matern (2013) in the retail banking sector in Kenya, suggest a direct influence of service quality on loyalty. In contrast, other research indicates that this relationship may be indirect and mediated by customer satisfaction, as demonstrated by the work of Supriyanto et al. (2021) in Indonesia and Jamaludin et al. (2020) in Malaysia. This disparity highlights the need for further investigation to determine whether the impact of perceived service quality on loyalty is direct or mediated by other factors, particularly customer satisfaction.

The methodological approaches used in previous studies have varied significantly, leading to contradictory outcomes. Many studies have employed longitudinal and cross-sectional survey designs, purposive sampling techniques, and analyses of variance (ANOVA) (Supriyanto et al., 2021; Rahim, 2016; Lierop & El-Geneidy, 2016). Some researchers have conducted mediation tests (Seiler et al., 2013) and experimental surveys (Fu et al., 2017) in Italy. Additionally, several studies have utilized mixed methods research designs (Musiega et al., 2022; Mulenga & Lusaya, 2019; Kamau, 2017; Irimu, 2014). This diversity in methodological approaches and the resulting inconsistent findings highlight the need for more robust and coherent frameworks to better understand the relationships among perceived service quality, customer satisfaction, and loyalty. By addressing these gaps, especially in the local context of railway passenger transport services, we can gain a clearer and more reliable understanding of the service quality factors that influence customer loyalty.

## LITERATURE REVIEW

This study is based on Expectancy Disconfirmation Theory (Santos & Boote, 2003), which suggests that satisfaction is influenced by the gap between expected and actual service experiences (Diehl & Poynor, 2010; Santos & Boote, 2003). Other theoretical frameworks that support the relationships among perceived service quality, customer satisfaction, demographic factors, and customer loyalty include Cognitive Dissonance Theory, Cue Utilization Theory, and Social Exchange Theory. Customer expectations are affirmed when services align with those expectations, negatively disconfirmed when service performance falls short, and positively disconfirmed when service performance surpasses them (Diehl & Poynor, 2010; Bhattacharjee et al., 2008).

Customers experience cognitive dissonance when their beliefs and perceptions are in simultaneous conflict (Tueanrat & Alamanos, 2023; Morvan & O'Connor, 2017; Festinger, 1957). Research suggests that very satisfied customers experience less discord than those who are merely satisfied. Additionally, it is believed that cognitive dissonance theory is more closely related to feelings of dissatisfaction than to satisfaction (Harmon-Jones & Mills, 2019; Sweeny et al., 2000). Customers primarily depend on cues for the pre-purchase evaluation of services; therefore, a quality cue is assumed to indicate service quality and satisfaction levels (Olson & Jacoby, 1972). It is anticipated that customers will be capable of associating a specific cue with the perceived quality of the service (Reimer & Kuehn, 2005). Social Exchange Theory posits that the close interactions between customers and service providers generate favorable perceptions in the minds of customers, thereby fulfilling their needs and enhancing customer loyalty.

Relationships between perceived service quality and customer loyalty are of great importance to both scholars and marketing professionals. The existing literature shows that research on perceived service quality in the railway transport sub-sector

has been conducted for various purposes. These studies have used different approaches to define and measure key variables, along with a variety of research methodologies. Triani and Purwanto (2024) investigated the relationship between service quality and customer loyalty among railway passengers of KAI (Kereta Api Indonesia). They used an online survey methodology, collecting data from 100 respondents via Google Forms. The questionnaires were distributed through various social media platforms, and data collection took place over one month. The data were analyzed using quantitative methods with the Statistical Package for the Social Sciences (SPSS). The study's findings revealed a significant impact of service quality on customer loyalty. This inquiry has revealed that an improvement in perceived service quality is directly connected with customer loyalty. This conclusion aligns with the findings of the study conducted by Lierop and El-Geneidy (2016).

The case study by Ricardianto (2023) aimed to examine how perceived service quality affects customer loyalty in the context of the Soekarno-Hatta Airport Train in Indonesia. To achieve this, a quantitative methodology was employed, using structural equation modeling (SEM) as the main analytical tool. The study focused on a target population of 150 passengers using the Soekarno-Hatta airport train in the waiting lounges. The results displayed that perceived service quality exerted a positive as well as direct impact on customer loyalty.

In the Kenyan baking industry, Auka et al. (2013) did a study to evaluate the impact of service quality elements on customer loyalty. The research used an ex-post facto design to examine the relationship between service quality attributes and customer loyalty. Banks were selected through purposive sampling, and data were collected using a cross-sectional approach. The study decisively resulted that there exists a positive and direct association between the perceived service quality and customer loyalty. This study addresses the existing limitation by researching multiple railway service



providers and using a proportional stratified random sampling technique to select samples from each provider. It posits that perceived service quality has a significant impact on customer loyalty among passengers using railway transport services.

## **METHODOLOGY**

The inquiry employed a descriptive, convergent mixed methods research design. This approach allows researchers to overcome the limitations and leverage the strengths of both qualitative and quantitative methodologies through integration (Johnson et al., 2007). The design strategically combines quantitative and qualitative research methods, techniques, and concepts within a single study (Creswell, 2009). In this study, data were collected simultaneously to explore respondents' perceptions using a self-administered questionnaire. This questionnaire included both open-ended questions for qualitative insights and closed-ended questions for quantitative analysis. The collected data were then integrated and analyzed (Johnson et al., 2007).

The study's population consisted of railway customers who frequently used railway service providers, focusing on customers of railway passenger services in Kenya. The research was conducted in the departure lounges of Nairobi railway stations while passengers awaited their travels. A proportional stratified sampling approach was used to ensure adequate representation based on the total number of railway passengers for each service provider. Subsequently, stratified random sampling was implemented to organize the study population into homogeneous subgroups. Screening questions were included to identify respondents with prior rail travel experiences, and a simple random sampling method was then used to select respondents from within each stratum.

A representative sample size of 357 respondents was selected based on the recommendation of Krejcie and Morgan (1970) for a target population of 4,660. Bowley's (1926) formula was used to determine sample sizes within each stratum

through proportional allocation. A semi-structured questionnaire, developed from previous related studies, was utilized to gather primary data. This self-administered questionnaire included open-ended questions for qualitative probing and closed-ended questions for quantitative analysis. Passengers were asked to complete the questionnaires, which were then collected and counted to ensure all were returned. A pilot test was conducted to assess the reliability of the questionnaire, involving 20 customers selected conveniently from the sample and pre-tested through face-to-face interviews. Given the substantial time passengers spend in waiting lounges, there was ample opportunity for them to complete the questionnaires thoroughly. Approval to collect data was obtained from the University of Nairobi. The collected quantitative data were analyzed using descriptive and inferential statistics, reported according to the research objectives, with the Statistical Package for the Social Sciences (SPSS) version 26 employed for analysis. For qualitative data analysis, thematic analysis was conducted to explore the dataset and identify, analyze, and report recurring patterns (themes) of meaning (Braun & Clarke, 2006). An inductive approach was taken, focusing on the development of themes grounded in the data rather than relying on predetermined themes (Heath & Cowley, 2004).

## **FINDINGS**

The current probe aimed to explore the impact of perceived service quality on customer loyalty among passengers of Kenya's rail transit services. It specifically sought to determine if there was a direct relationship between perceived service quality and customer loyalty. The study results indicated that there existed a moderate positive relationship between perceived service quality and customer loyalty. The relationship between perceived service quality and customer loyalty was robust and significant ( $F=147.444$ ,  $p\text{-value}\leq 0.05$ ).

## CONCLUSION, RECOMMENDATIONS, SUGGESTION FOR FUTURE RESEARCH

The findings of the present study largely align with recent analyses that used the SERVQUAL model to assess service quality dimensions in railway passenger transport in Indonesia (Triani & Purwanto, 2024; Ricardianto, 2023). These studies similarly found that perceived service quality significantly and partially affects customer loyalty, particularly through dimensions such as reliability, assurance, and responsiveness, which have a strong impact on loyalty (Ricardianto, 2023).

In contrast to the findings of this study, the existing literature suggests that there is no significant relationship between perceived service quality and customer loyalty (Jamaludin et al., 2020; Supriyanto et al., 2021). However, a study by Laohakul and Laohavichien (2022) produced mixed results. They found that the service quality dimensions of tangibility, empathy, and assurance significantly impact customer loyalty, while reliability and

responsiveness do not. These conclusions are at odds with the current study, which shows that perceived service quality has a direct and positive effect on customer loyalty.

The findings of this study indicate that perceived service quality is a key factor in fostering customer loyalty. Travelers who experience high-quality services are more likely to remain loyal, make repeat purchases, and recommend the service provider to others. The study concluded that an increase in perceived service quality is positively correlated with higher levels of customer loyalty. The study recommended that to maintain passenger loyalty, railway service providers should focus on improving perceived service quality. This enhancement can lead to more frequent travel and generate recommendations to potential travelers. Future research should replicate this study in additional service sectors, and also incorporating other relevant study variables.

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**Table1: Response Rate**

Table 1 shows the results of the sampling process. Ultimately, the study included three hundred and fifty-seven (357) respondents.

| Sample and Response Details | Frequency  | Percentage (%) |
|-----------------------------|------------|----------------|
| Sample size                 | 357        | 100            |
| Total response              | 257        | 71.99          |
| <b>Effective response</b>   | <b>244</b> | <b>68.35</b>   |

After the screening process, 244 respondents were deemed analyzable, resulting in a response rate of 68.35 percent. The researcher considered this response rate satisfactory, attributing it to the ample free time respondents had while waiting in railway station lounges, which encouraged their participation in the study. Existing literature indicates that respondents in railway station waiting lounges have sufficient time and are willing to engage in research activities (Abayneh & Yasin, 2023; Mulenga & Lusaya, 2019).