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The growth of the informal sector in spite of alarming constraints is an appeal to the role which they continue to play in creation of employment opportunities in the fast growing urban sector. In the present shoe shine enterprises scenario, service quality is a vital competitive advantage to maintain customer support and build great base for the enterprise. However, customer loyalty is little known and these categories of enterprise continue to be marginalized. This study examined the influence of customer perceived service quality indicators on loyalty in the shoe shine enterprises in Eldoret town Kenya. The objectives of this study were to; determine the effect of core service on customer loyalty, examine the influence of the human element of service delivery on customer loyalty, examine how systemization of service delivery influence customer loyalty, assess the effect of tangible of a service on customer loyalty and investigate the influence of shoe shine enterprises social responsibility practices on customer loyalty. The study was based on the SERVQUAL model. The research design was survey.

Service Quality on Loyalty

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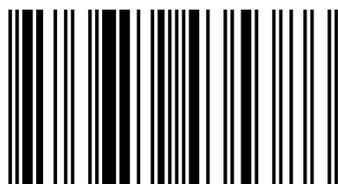
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Nebert Kipchirchir Matelong

Bernard Kibeti Nassiuma

DEDICATION

To my beloved parents Mr. and Mrs. Andrew Cherus.

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A research thesis of this kind is so involving and calls for Joint efforts from many stakeholders. While it may not be practical to acknowledge each player, minimum credit will be in order. First, to my supervisors, Dr. Bernard Nassiuma and Dr. Peter Omboto of Moi University, Department of Entrepreneurship Studies; School of Human Resource Development for their tireless support in the preparation of the research thesis. Secondly, I wish to equally relay my gratitude to the management of Eldoret Municipal Council for allowing me access their confidential information, which was central to this research. Thirdly, I would wish to acknowledge the respondents for their contribution to this study.

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Nebert Kipchirchir Matelong.

OPERATIONAL DEFINITION OF KEY TERMS

The following terms were operationally used in this study;

Assurance: refers to shoe shine enterprises knowledge to instil confidence to the customer and answer questions asked by customers.

Core Service: refers to the content of key service provided by shoe shine enterprises for example shoe shining and cobbling (shoe repairs).

Customer Loyalty: refers to positive word of mouth, referrals, favourable attitude and repeat purchases by customers of shoe shine enterprises.

Customer Perceived Service Quality: refers to the extent to which the service being provided by shoe shine enterprises meets customer expectations.

Empathy: refers to shoe shine enterprises level of caring and giving individual attention to customers.

Human Element of Service Delivery: refers to conduct of shoe shine enterprises in providing services. Consist of reliability, responsiveness, empathy and assurance.

Micro Enterprise: refers to enterprises in both formal and informal sectors employing 1-10 workers. The shoe shine enterprises fall under this category.

Micro and Small Enterprise: refers to enterprises in both formal and informal sectors employing 1-50 workers. This definition has been adopted from the 1999 National Micro and Small enterprise Baseline Survey.

Reliability: refers to the ability of shoe shine enterprises to perform the service right the first time and giving error free services to customers.

Responsiveness: refers to the willingness of the shoe shine enterprises to help and respond to customers questions.

Rudimentary Fixed Premises: refers to the temporary premises constructed on the roadsides and open spaces in the streets by shoe shine entrepreneurers for purpose of carrying out business.

SERVQUAL: refers to a quantitative technique (Model) used by enterprises to measure and assess service quality to better understand the expectations and perceptions of their customers.

Service Quality: refers to the extent to which the service offered meets customers expectations and needs.

Service Quality Indicators: refers to the following: core service, human element of service delivery, systemization of service delivery, tangible of a service and social responsibility.

Shoe Shine Enterprises: refers to an enterprise conducted in rudimentary fixed premises on the roadsides and open spaces. The enterprises are found at the lowest end of the enterprise continuum and fall in the MSE sector.

Social Responsibility: refers to the ethical behavior of shoe shine enterprises in treating every customer equally, charging a reasonable price, taking care of the environment and engaging in legal business.

Systemization of Service Delivery: refers to the processes, procedures set by shoe shine enterprises to help their customers consume their services without difficulties.

Tangible of a Service: refers to the physical environment where the shoe shine enterprises provide their service which includes equipment, appearance, cleanliness and neatness of the shoe shining entrepreneurs.

Informal Enterprises: refers to enterprises engaged in economic activities that do not comply fully with the regulations governing such activities. Such enterprises are not registered and could not be paying taxes.

ABBREVIATIONS

EMC   Eldoret Municipal Council

ILO   International Labour Organisation

MSEs   Micro and Small Enterprises

MEs   Micro Enterprises

ROK   Republic of Kenya

ICEG   International Centre for Economic Growth

GOK   Government of Kenya

CBS   Central Bureau of Statistics

SMEs   Small and Medium Enterprises

EMC   Eldoret Municipal Council

GDP   Gross Domestic Product

SERVQUAL Service Quality

ABSTRACT

The growth of the informal sector in spite of alarming constraints is an appeal to the role which they continue to play in creation of employment opportunities in the fast growing urban sector. In the present shoe shine enterprises scenario, service quality is a vital competitive advantage to maintain customer support and build great base for the enterprise. However, customer loyalty is little known and these categories of enterprise continue to be marginalized. This study examined the influence of customer perceived service quality indicators on loyalty in the shoe shine enterprises in Eldoret town Kenya. The objectives of this study were to; determine the effect of core service on customer loyalty, examine the influence of the human element of service delivery on customer loyalty, examine how systemization of service delivery influence customer loyalty, assess the effect of tangible of a service on customer loyalty and investigate the influence of shoe shine enterprises social responsibility practices on customer loyalty. The study was based on the SERVQUAL model. The research design was survey. A selection of 23 shoe shine enterprises guided the study to arrive at a sample size of 230 respondents selected randomly. Questionnaires were used to collect primary data. Data was analysed using descriptive and inferential statistics. The main findings of this study indicated that; the demographic characteristics of the respondents had a significant relationship with customer loyalty. The measures levels for the independent variables played a role in explaining deviations in the dependent variable. The core service, human element of service delivery, systemization of service delivery, tangible of a service and shoe shine enterprises social responsibility practices had a significant relationship with customer loyalty. The findings indicated that customers consider tangible of a service and shoe shine enterprises social responsibility practices as the most critical indicators of their perception of service quality. This study concludes that service quality indicators as perceived by the customers had a higher impact on loyalty in the shoe shine enterprises in Eldoret town Kenya. Arising from the conclusion of this study, it is recommended that Municipal Councils provide infrastructure for shoe shine enterprises in Eldoret town and in Kenya as a whole, which continue to act as a constraint to the growth of the sector. Secondly, shoe shine entrepreneurers should design modern shoe shine enterprises and implement social responsibility practices. Thirdly, the government should create a friendly business environment that promotes the informal sector employment creation role and an organization that is self regulating be formed to oversee the mainstreaming of shoe shine enterprises in the mainstream economy.

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CHAPTER ONE

1.0   **INTRODUCTION**

1.1   Overview

This chapter outlined the background of the study and the statement of the problem. It also identified the specific objectives and the hypothesis of the study. It further discussed the significance, scope and the justification of the study.

1.2   Background of the Study

The shoe shine enterprises, in particular, and all enterprises whose service depend on building long term relationships need to concentrate on maintaining customer loyalty. In this respect, loyalty is greatly influenced by service quality. As such, shoe shine enterprises need to invest in managing their relationships with customers and maintain quality to ensure that customers whose loyalty is in the short term will continue to be loyal in the long run. Small and Micro Enterprises (SMEs) cut across all sectors of the Kenyan economy employing up to 10 persons (Moyi and Njiraini, 2005).

Subsequently, SMEs is one of the most creative sources of employment creation, income generation and poverty reduction (Sessional paper No. 2 of 2005). This could imply that the SMEs is not only a provider of goods and services, but also a driver in promoting competition and innovation, and enhancing the enterprise culture which is vital for private sector development and industrialization. As compared to the other sectors of the economy, the contribution of SMEs sector to the country's Gross Domestic Product (GDP) has been impressive increasing from 13.8% in 1993 to over 18% in 1999 (Sessional paper No. 2 of 2005).

The process of entrepreneur`ship requires the combination of entrepreneurial and environmental potential into an undertaking. Entrepreneurial activities thus significantly affect the economy of an area through building the economy and providing jobs (Hirsch & Peters, 2002). Shoe shine enterprises give marginalised people an opportunity to test their entrepreneurship (Komogor, 2000). This could result in the development of the informal sector.

Shaw (1985) observes that the section of the population in the third world cities that earn a living primarily in the informal sector such as the shoe shine enterprises increase in a huge rate. The informal sector thus seems to be a basic survival activity creating little form of employment. The revelations raise pertinent questions on the performance of shoe shine enterprises as contributors to the overall economic development of developing countries through employment creation and poverty reduction. The situation in the informal sector has led researchers to increasingly come to the conclusion that the modern industrial sector in the third world countries is leechlike and harmful to the development of the remainder of the urban economy (Shaw, 1985). And on a worldwide basis unemployment is a growing global crisis, especially among the youth in developing countries (ILO, 2006).

There is unresolved controversy in the development of literature on the nature and function of the informal sector in urban areas of third world countries (Shaw, 1985). Even though various studies have shown that the vast informal sector, where people work without benefits, social security or health care is growing in many countries (ILO, 2006).

Informality thus simply consists of entrepreneurial activities that avoid costs by remaining hidden or through extra-legal arrangements with city officials without legalizing the activities (Cross, 1998). He further allude that, informal economic activities comprise economic strategies that break laws that regulate the conduct of enterprises, but no laws specify what enterprises may be run in the streets, despite an active interest within the state to stop them from operating these activities.

Primarily, policy oriented objective is to promote state policies that would allow for growth of enterprises in this sector by eliminating obstruction that disadvantaged them until macro-economic factors increased demand for high-wage workers in the formal sector (Hart, 1970). Basing on the current unemployment levels worldwide it is unlikely that the demand for high wage workers will match unemployment levels in developed and developing countries. Hence the unemployed have to seek for chance elsewhere such as shoe shining activities.

Lack of earlier academic attention on the vital role played by the small businesses in job creation has been highlighted by Birch, (1987). In spite of the fact that the role played by Small and Micro enterprises (SMEs) in developed and developing countries is well articulated in various documents, for example in Kenya starting with "Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth", there has been a succession of document dealing with specific aspects of policy towards MSEs (Republic of Kenya, 2002). Considering the widespread poverty and unemployment in Kenya, it seems that the implementation of government policies has not been adequate in addressing these problems. Informal economic activities, including shoe shine enterprises represents entrepreneurial activities even though the individuals involved may not be classified as entrepreneurs by the western definitions of the term entrepreneurship (Hart, 1970). An analysis of the role of the state in street vending and other "informal" economic activities has often been found to be far more complex than these perspectives would predict (Cross, 1998). Above all, in a relatively stable business environment in which the informal operator is temporarily free from harassment, capital investment becomes beneficial it thus allows shoe shine enterprises to broaden their inventory (Naituli, 2003).

Shoe shine enterprises in Kenya are found at the lowest end of the enterprise range, where millions of individuals sell goods and or services on the streets (ROK 2007). Most of the shoe shine enterprises are located along major streets of Eldoret town including: Police Line, Barngetuny Plaza Area, Municipal Council of Eldoret, Nandi Park, Main Bus Park Stage, and Referral Road. Shoe shine enterprises have been accused of creating several problems such as: Garbage disposal, street obstruction, distortion of the orderly way of doing things in urban centers, insecurity, avenue for corruption for the council security officers, crime rate such as looting, conveying stolen goods and tax evasion among others.

There is considerable support for the positive relationship between an entrepreneur's psychological characteristics and enterprise performance (Chell *et al*., 1991). These arguments were reinforced by Earley (1994) who alluded that entrepreneurs achieve the greatest personal efficacy and productivity when their psychological orientation is

congruent with the structure of the social system. Entrepreneurial decision making is affected by cognitive and environmental variables (Hindle, 2004). This compares well with the earlier suggestions on the relationship between performance and the entrepreneurial potential and environmental constraints. These show that there is a possibility that the two aspects could affect shoe shine enterprises.

Entrepreneurial environment refers to a combination of factors that play a role in the development of entrepreneurship (Fogel, 2001). Studies in various countries on entrepreneurial environment show that those countries that keep rules and regulations at the minimum increase the likelihood of new venture development (Dana, 1987). Poor access to infrastructure thus discourages mobility, reduces the scope for additional investment, and exposes entrepreneurs to greater risks and denial of assistance. Basic infrastructure provides certainty in the operation of an enterprise.

Poor access to infrastructure and especially land has several consequences to the income and productivity of the informal units. Access to resources, markets, land, basic infrastructure, skills, traits, knowledge, and, culture could affect entrepreneurial opportunities in a country (Bwisa, 2002). Some of the facilities required by shoe shine enterprises include appropriate physical infrastructure, access to market, sources of assistance and a favourable legal and regulatory environment (Gichira, 1991).

The root cause of all problems facing shoe shine enterprises seems to arise from the existing policy, legal and regulatory frameworks and its application. In terms of being excessive, hostile and not suitable to the performance needs of shoe shine enterprises and has been formulated such that it causes difficulties in compliance (ICEG, 1998). In addition, obsolete by-laws may not be relevant to the needs of shoe shine entrepreneurs as well as to the long term policy needs of councils. This aspect of the legal frameworks requires to be re-aligned to the needs of the shoe shine enterprises. Surprisingly, shoe shining activities is viewed by the urban elites as a disruptive economic activity in terms of breaking regulations, degrading the visual appeal of towns, unfair competition and obstruction (Graham *et al.,* 1998). However, the urban elites consider those in the informal sector as prospective voters and as a group

increasingly able to exert pressure and constitute a political force that cannot be disregarded. Another aspect of the shoe shine enterprises shows that there are different groups responsible for different part, of the regulation of street vending which results in a conflicting role in the control of shoe shine enterprises in Kenya.

Micro Enterprises (MEs), providing services for example haircutting, key making, M-pesa, hair dressing, child care, cleaning, video selling, hawkers and shoe shining to mention but a few find it difficult to envision and understand what aspect connote high quality to consumers, and the levels of the aspects that are required to deliver high quality service. Only when these MEs have a fairly definite knowledge on how the service they offer would be perceived by customers, then they will be able to direct these assessments in the preferred direction. The significance of developing a worthy association with customers has been acknowledged by many enterprises. But what the enterprises lack is the competence to create and sustain such good relationships.

Rust and Oliver, (1994) state that service quality is, by character a complex concept, which means by managing service quality, enterprises should know what exactly service quality means to customers. This could imply, rationally managing a service interaction also calls for comprehending the much complicated behaviours of employees that will have a telling effect on the customer perception of service quality. Such behaviours help customers to differentiate a satisfying service encounter from a dissatisfying one. Bitner (1992) suggests that enterprises need to train, motivate, and reward employees for demonstrating the desirable behaviours in service encounters.

Curiosity in the appraisal of service quality was discernibly high and the delivery of higher levels of service quality was the tactic that was predominantly employed by enterprises effectively to carve a niche for them in the global market Cronin and Taylor (1992). The importance of offering quality services becomes each time more essential in the marketplace. Consumers are more pressing and have a great notion of quality implications; this explains why quality service has become the most powerful competitive tool possessed by enterprises (Berry, 2004).

Service is understood as the set of benefits that a client expects, besides the basic service, in a tangible or intangible ways, as consequence of price, image, reputation and more related attributes (Lara and Refugio, 2002). Giving high quality service constitutes an essential strategy for the enterprises success in the competitive environment (Barquero *et al.,* 2007). Quality is difficult to define because in different circumstances means different things; thus can be seen from different angles most definitions of quality service is centred in the client's satisfaction (Bell, 1982).

With the increasing competition in the market, customer loyalty has become a key factor in the long-term business profits. High customer loyalty is the high enter-barriers for the competitor to enter the market (Yi Hao *et. al.,* 2009). Customer loyalty contributes to reduce marketing costs. This could imply enterprises have to invest time and money when they attract new customers, this process always go through a long time period associated with uncertainty risks. The number of loyal customers as a sign of market share is more meaningful and significant than the number of customers. More loyal customers mean high profits.

Loyal customers will continue to purchase or receive the service from the same enterprises, and willing to pay the higher prices for the quality products and first-class services, thereby increasing sales revenue (Bodet, 2008). This could imply that many enterprises focus on marketing management aspects to improve customer loyalty in order to gain the competitive advantage in the fierce competition. Nowadays as the market is being saturated, the growth rate won't be higher than some time ago. The situation makes enterprises not only to promote their service quality, but also change their marketing core strategy to holding their existing customers by enhancing and optimizing the customer loyalty (Long-Yi and Jen-Chun, 2004). This could result to increased profitability in the long run as a result of repeat purchase.

Shoe shine enterprise is a very typical industry, customer's importance to enterprises, and how to attract, develop and maintain customers has became more and more important in the sharp competition. The competition in shoe shine enterprises is becoming more and more fiercely (Komogor, 2008). The issue how to improve

customer loyalty is a very important for shoe shine enterprises. Hereby, customer loyalty is playing a significant role in the shoe shine enterprise market competition. Customer loyalty is one of the most dominated factors which drive the profits incoming of the operators in the enterprise industry (Ramneck and Preety, 2009).

1.3   Statement of the Problem

The informal sector has demonstrated that informal occupations are extremely competitive and individualistic; however, customer loyalty has received little attention in the informal sector literature. Given that an understanding of customer loyalty can be a major tool in shaping this sector. Knowing the factors contributing to customer perception of service quality; enterprises can plan and take appropriate steps to improve their services to achieve customer loyalty. Failure to address the influence of service quality indicators on customer loyalty in the shoe shine enterprises may affect their performance that could have resulted in customer satisfaction, repeat purchases, positive word of mouth and increased profitability. Thus the research question can be formulated as follows: Which service quality indicators adopted by shoe shine enterprises in Eldoret town Kenya and how do they influence customer loyalty?

1.4   Research Objectives

1.4.1   Broad Objective

The broad objective of the study was to evaluate how customer perceived service quality indicators influence customer loyalty in the shoe shine enterprises.

1.4.2   Specific Objectives of the Study

In order to achieve the broad objective of the study, the specific objectives were to:

1.   Determine the effect of core service on customer loyalty;
2.   Examine the influence of the human element of service delivery on customer loyalty;
3.   Examine how systemisation of service delivery influences customer loyalty;
4.   Assess the effect of tangible of a service on customer loyalty; and
5.   Investigate the influence of shoe shine enterprises social responsibility practices on customer loyalty.

1.5   Research Hypothesis

The study sought to answer the following research hypothesis:

$H_{.01}$ There is no statistically significant relationship between core service and customer loyalty.

$H_{.02}$ There is no statistically significant relationship between the human element of service delivery and customer loyalty.

$H_{.03}$ There is no statistically significant relationship between systemisation of service delivery and customer loyalty.

$H_{.04}$ There is no statistically significant relationship between tangible of a service and customer loyalty.

$H_{.05}$ There is no statistically significant relationship between shoe shine enterprises social responsibility practices and customer loyalty.

1.6   Assumptions of the Study

The assumptions in this study were; firstly, respondents were open, cooperative and provided reliable answers to all items. Secondly, all the respondents were affected equally by the indicators under scrutiny. Thirdly, the sampled population was a representative of the entire population.

1.7   Significance of the Study

This study was designed to enhance an understanding of customer perceived service quality indicators on customer loyalty in the shoe shine enterprises in Eldoret town. The study should therefore help the shoe shine enterprises understand the position of their service provision to better satisfy their customers hence achieve loyalty.

The study should shed light on the perception associated with shoe shine enterprises as a hindrance to the planned development of counties. The negative perception could mar the useful service rendered by shoe shine enterprises to the community. Further, the study findings can be used as a stepping stone toward reforming the shoe shine enterprises sector in Kenya and specifically in Eldoret town.

In addition, results of this study should firstly aid county planners in developing policies aimed at improving the standard of living of shoe shine enterprises through recognizing their legal status and licensing their enterprises in order for the enterprises to effectively contribute to the economies of the local councils. Secondly, to identify guidelines for supportive services at the local levels so that shoe shine enterprises could grow beyond their current state. Thirdly, to make shoe shine enterprises a special part of the urban development plans by accepting and treating them as an integral part of the urban production system and providing them access to resources.

The results of this study are also expected to complement results of existing studies on the customer perceived service quality on customer loyalty in the informal sector including the shoe shine enterprises. In addition, other researchers may use the methodology employed in this study to investigate issues on service quality indicators influence on customer loyalty in Kenya and other parts of the world. Maximum productivity within this industry could immensely contribute to employment generation, poverty reduction among the disadvantaged, in addition, to promotion of national and regional economic development. The beneficiaries of this study include the shoe shine enterprises, the government, scholars among others.

1.8   Scope of the Study

This study covered Eldoret as defined by the municipality boundaries (Appendix IV). The study was carried out between 26th November and 18th December 2011. The study area was identified and selected because of firstly; Eldoret municipality was accessible and had a high number of shoe shine enterprises. Secondly, Eldoret falls within the zone defined as the white highlands, which was large scale agricultural production area and creations as result of the dual model of Lewis (1954).

Thirdly, the researcher was familiar with the environment having worked in the area. The sampling units for this study were customers of shoe shine enterprises with rudimentary fixed business premises within the streets of Eldoret town because they were easy to locate, capture and enumerate as suggested by Charmes (1998). Samples for customers were identified and selected from the sampled shoe shine enterprises.

1.9   Organization of the Study

This study composes of five chapters. Chapter one provides the study background, problem statement, objectives, research hypothesis, assumptions of the study, significance of the study and scope of the study. Chapter two focuses on review of the existing literature related to the study. Chapter three discuses the research methodology, which includes research design, population and sample size determination, type and sources of data and questionnaire design, pilot test, validity and reliability tests, data collected and analysed, data processing and analysis, ethical issues and limitations of the study. Chapter four is devoted to the findings of the study. The demographic characteristics of the respondents, descriptive and inferential analysis of each research objective and results of hypothesis testing. Chapter five presents the summary of the contributions of this study to the body of knowledge in the area, conclusions, recommendations and directions for future research.

CHAPTER TWO

2.0   **LITERATURE REVIEW**

2.1   Overview

This chapter reviews literature relevant to the research problem under investigation. Literature review was divided into two parts, firstly the theoretical evidence on the development of service quality and secondly, empirical evidence.

2.2   The Concept of Service Quality

The quality concept is multidimensional in a sense that consumer needs are multiple and diverse, also because it includes aspects such as tastes, ability for use, design, safety, reliability and respect to environment (González, 2007). He further explains that although there had been a lot and varied concepts related to what is quality and what is not, different researchers agree on the primary goal of quality is found on the client's satisfaction. The term satisfaction is understood as the response of client's fullness satiety; a judgment over the service's features, or a service in itself, which gives a pleasant level of reward related to use.

Service quality is the difference between customer expectations regarding a service to be received and perceptions of the service being received or the extent to which a service meets customer expectations and needs (Lewis *et. al.,* 1990; Grönroos, 2001). Zeithaml, Berry, and Parasuraman (1991) further defined service quality as the consumer's overall impression of the relative inferiority or superiority of the services, they added that customers used tangibles cues such as hardness, style, label, colour and package to judge the quality of products. In this study service quality refers to the extent to which the service being offered meets customers expectations.

Quality means different things to different customers (Letiwa, 2011). He further explains that as long as a service exceeds the expectation of a customer, it is said to be of relatively good quality. This could imply that service quality is said to meet customers' expectations and satisfaction when there is repeat purchase.

2.3   Service Quality Model

Parasuraman & Zeithaml (1985), in an extensive investigation of quality in four service businesses namely: banking, credit card, securities brokerage, and product repair and maintenance made pioneering ventures to know the construct of service quality and its determinants. Equally, they devised a model called "Gap analysis Model" and defined service quality as the degree of discrepancy between customers' normative expectations for the service and their perceptions of service performance.

According to Ueno (2010) the authors observe that the service quality gaps model is the conceptualization of service quality as the gap between customer expectations on the services and perceptions of the service performance. Furthermore, based on the gap model there are four major discrepancies contributing to service quality gaps, and each of the four gaps in turn contributes to the existence of gap 5 (Ueno, 2010).

Gap 1: The first gap is between consumer expectations and enterprise perceptions of consumer expectations. Privacy or confidentiality during transactions emerged as a pivotal quality attribute in every banking and securities brokerage focus group; however this considerations was mentioned rarely by the managers. Lack of understanding of this gap will have an impact on the consumer's evaluation of the service quality (Parasuraman *et. al.,* 1985).

Gap 2: The second gap is between management perceptions of customer expectation and service quality specifications. Even though the managers attempt to match or exceed customer expectations, they find it difficult to deliver what the customer expects (Parasuraman *et. al.,* 1985). The authors indicated that one of the reasons for this is the difficulty in establishing specifications to deliver a fast response consistently because of a lack of trained service personnel and the wide range of function demand.

Gap 3: The third gap is between service quality specifications and service actually delivered. High service quality cannot be guaranteed even when there are guidelines

for carrying out excellent services. Parasuraman *et. al.,* (1985) indicated that the employees of a service company play an important role on the service quality and the employee's performance cannot always be standardized.

Gap 4: The fourth gap is between service delivery and what is communicated to customers about the service. Parasuraman *et. al.,* (1985) contended that promising more than can be delivered has a detrimental effect on customer because it raises the initial expectations but lowers perception quality.

Gap 5: The fifth gap is between the customers perceptions of service quality and their expectations of service quality. Parasuraman *et. al.,* (1985) discovered that the key to service quality is to meet or exceed the expectations of customers. Subsequently, based on the gap model in their exploratory study, Parasuraman *et. al.,* (1985) came up with ten dimension of service quality namely: reliability, responsiveness, competence, access, communication, courtesy, credibility, security, understanding and tangible. However, these ten dimensions of service quality were collapsed into 5 dimensions due to overlaps. The five dimension of service quality according to Parasuraman, Zeithaml and Berry (1988) are: tangibility, reliability, assurance, responsiveness and empathy. Although, criticisms have been made against the measurement of service quality "SERVQUAL" developed by Parasuraman *et. al.,* (1988), their contribution in the area of service quality continue to be significant for over quarter a century.

Parasuraman *et. al.,* (1985) stated that comprehensive set of service attributes that customers might use as criteria in assessing service performance. In a second study in 1988, the ten dimensions were condensed to five dimensions; responsiveness, assurance, empathy, reliability and tangibles and called the SERVQUAL model. However, subsequently they argued that the SERVQUAL measurement has more diagnostics and more practical implications than was previously thought.

The SERVQUAL model has provided a broad conceptualization of service quality with an instrument to measure perceived service quality (Amin & Isa, 2008). They

observe that this method has been very popular with academics and researchers to assess the customer perception of service quality for a variety of service enterprises.

Effective service delivery is an important means for organizations to gain a competitive edge in today's service economy (Parasuraman, Zeithaml, & Berry, 1988). Service quality is generally recognized as a critical success factor in an enterprise endeavours to differentiate itself from its competitors; and a great deal of research has addressed various aspects of service quality (Ladhari, 2009).

Various studies have revealed over the years that good service quality leads to the retention of existing and the attraction of new ones, reduced costs, an enhanced corporate image, positive word-of-mouth recommendation, and, ultimately, enhanced profitability (Reichheld & Sasser, 1990). This is why several studies focused on customer evaluations, such as customer satisfaction (Johnson, 1996) and service quality (Parasuraman, Zeithaml, & Berry, 1988). A number of researchers have applied the model to various industries including the academic institutions, hospitality, the tourism, the healthcare, banking and retail industry (Babakus & Mangold, 1992).

Kumar *et. al.,* (2009) observed that Parasuraman's SERVQUAL model is popular and widely used to measure service quality. Although, many other researchers subsequently modified the model, Brown and Bond (1995) stress that the Parasuraman's gap model is one of the best-received and most heuristically valuable contribution to service literature. According to Cook and Verma (2002) the SERVQUAL instrument prevails as one of the most widely used approaches to measure service quality. Parasuraman *et. al.,* (1985) identify 97 attributes which were found to have an impact on service quality. However, all these 97 attributes fit into ten attributes and later being condensed into five dimensions of service quality because of the overlap across the ten criteria (Jannadi & Alsaggaf, 2000).

The SERVQUAL scale (Parasuraman *et. al.,* 1985) has been widely utilized by both managers (Parasuraman *et.al.,* 1991) and academics (Babakus & Boller, 1992). The popularity of SERVQUAL is due to a number of advantages that it has been

recognized for (Buttle, 1994): It is accepted as a standard for assessing different dimensions of service quality; It has been shown to be valid for a number of service situations; It has been demonstrated to be reliable, meaning that different readers interpret the questions similarly; the instrument is parsimonious in that it has a limited number of items. This means customers and employees can fill it out quickly; and it has a standardized analysis procedure to aid interpretation of results.

SERVQUAL (Parasuraman *et. al.,* 1991) consists of the five dimensions explained below:

Reliability. This refers to the ability to perform the service dependably and accurately;

Responsiveness. This dimension refers to the willingness to help customers and provide prompt service;

Tangibles. This dimension refers to the physical facilities, equipment and appearance of personnel;

Assurance. This dimension refers to employees knowledge, courtesy and ability to convey trust and confidence; and

Empathy. Refers to the level of caring and individual attention provided to customers.

Various models have been developed for measuring perceptions of service quality (Gro¨nroos, 1983). The SERVQUAL model of Parasuraman *et. al.,* (1988) proposes a five-dimensional construct of perceived service quality: tangibles; reliability; responsiveness; assurance; and empathy with items reflecting both expectations and perceived performance. The SERVQUAL approach has not gone uncriticized however. There has been concern about the central role of expectations and the significance of a subtractive "gap" as a measure of quality (Asubonteg *et. al.,* 1996). More importantly, the universality of the SERVQUAL dimensions across different types of services has been questioned (Babakus & Mangold, 1989) for instance; found that it is often necessary to incorporate additional items in certain dimensions because they are particularly important for some service categories. A further critique of SERVQUAL concerns its emphasis on service dimensions, and its neglect of other dimensions of the marketing mix especially price (Gilmore & Carson, 1992).

Of the five SERVQUAL's dimensions, four, namely, reliability, responsiveness, assurance and empathy correspond to the factor of human element in the service delivery. The fifth dimension, tangibles relates to the effect of physical facility, equipment, personnel and communication materials on customers. This is known as servicescapes. With respect to SERVQUAL, it is evident that the human element of service delivery and tangible of a service are basic elements for SERVQUAL.

2.4   Service Quality Indicators

Service quality indicators vary in different industries, Asubonteng, McCleary, and Swan (1996). Identified four indicators identified by Kettinger and Lee, (1994) in a study of information systems (IS) quality, did not have the tangible dimension. Cronin and Taylor (1992) developed a one-factor measurement instrument instead of the five-factor measures proposed by Parasuraman *et. al.,* (1988).

Besides SERVQUAL, Sureshchandar, *et. al.,* (2003) identified five indicators of service quality from the customers' point of view. These are: a) Core service, b) Human element of service delivery, c) Systematization of service delivery: non-human element, d) Tangible of service, and e) Social responsibility. After a close inspection it could be concluded that the newly defined construct of service quality by Sureshchandar *et. al.,* (2003) has some resemblance with the definition provided by Parasuraman *et. al.,* (1988). The study employed the five indicators of service quality from the customers perspective as suggested by Sureshchandar *et. al.,* (2003).

2.4.1   Core Service

Core service could be defined as the essence of a service (Rust and Oliver, 1994). Rust and Oliver (1994) examined that whatever service features are offered it is as important as how it is delivered. Nassiuma (2011) asserts that service quality of products offered by entrepreneurers does determine the sales an enterprise could realize hence, could influence customer loyalty.

Schneider and Bowen (1995) explained that in a service enterprise a lot of emphasis is usually placed on the procedures, processes, and contexts for service to the extent the enterprise tends to overlook that there is also the core service. Furthermore they

conclude that the core service itself has perceivable, tangible and multidimensional quality features that could distinguish services and could predominate over other issues such as delivery; they also noted that the nature and quality of this core service largely influences the customer loyalty of the customer. Glaveli *et. al.,* (2006) highlighted that speed of core service delivery enhanced perception of service quality by customers. This could imply that customers don't want a service that wastes time. While Joseph *et. al.,* (2005) indicated that no waiting time raised customers' satisfaction levels.

2.4.2   Human Element of Service Delivery

Human element of service delivery refers to all aspects namely; reliability, responsiveness, assurance and empathy, which has been effectively captured by SERVQUAL. Enterprises should ensure that they perform the service right the first time to customers. Reliability is the ability to perform the promised service dependably, accurately, as a reputation that can be the most reliable indicator of service quality which could be related to customers past experiences (Parasuraman *et. al.,* 1988; Nguyen & Leblanc 2001; Ndubisi, 2006).

Kheng *et. al.,* (2010), found that in a study of banks in Penang, Malaysia reliability had a positive relationship with customer loyalty. Previous researchers including Nguyen & Leblanc (2001) and Bellini *et. al.,* (2005) also argued that, reliability had positive relationship with customer loyalty. This is in the line with the finding that customers may stay with an organization even if it they are dissatisfied because they perceive they have no choice (Zeithhaml *et. al.,* 1996).

Responsiveness is willingness to help customers and provide prompt services; it is likely to have a positive effect on customer satisfaction (Parasuraman *et. al.,* 1988; Joseph *et. al.,* 2005; Glaveli *et. al.,* 2006). The relationship between responsiveness and customer loyalty was significant in a study of banks in Penang Malaysia (Kheng *et. al.,* 2010). This suggests that customer loyalty is greatly affected by the attitudes of the service provider. In situations where customers are more educated the demand is

viewed to be on an increasing trend. It is therefore important that business sustain customer satisfaction in order to win their loyalty.

Parasuraman *et. al.,* (1988) defined assurance as the knowledge and courtesy of employees and their ability to inspire trust and confidence. Several studies show that the exchange of information is an important part of both traditional selling and relationship marketing which may lead to a shared understanding (Ndubisi, 2006; Lymperopoulos *et .al.,* 2006). Kheng *et. al.,* (2010), found that relationship between assurance and customer loyalty was significant in a study of banks in Malaysia.

Parasuraman *et. al.,* (1988) defined empathy as the caring, individualized attention the firm provides for its customers. Empathy is proved to be influential in customer loyalty (Ndubisi, 2006; Ehigie, 2006). Kheng *et. al.,* (2010), found that empathy had significant positive relationship with customer loyalty. Butcher (2001), alludes that friendship between customers and particular service employees has a major influence on the development of customer loyalty. According to Ndubisi (2006), customer satisfaction can be achieved by offering personalized, flexible and adjustable services to suit the needs of customers. The importance of human interaction in the service delivery has been recognized by many other researchers (Mills and Morris, 1986). Nassiuma (2011) states that quality service of entrepreneurers could also be influenced by the quality of management skills of the street based entrepreneur. In addition, he points that trait of a street based entrepreneur could also affect the quality of service offered. Prior studies have shown that human interaction in the service delivery is important (Mills and Morris, 1986; Norman, 1991; Harber *et. al.,* 1994).

2.4.3   Systemization of Service Delivery

Systemization of service delivery refers to the non-human element in service delivery in contrast to the human element, which has been effectively captured by SERVQUAL Sureshchandar, *et. al.,* (2003). Service delivery processes should be perfectly standardized, streamlined and simplified so that customers can receive the service without any difficulties or undesired questioning by the service providers. Milakovich (1995) observe that, the effectiveness of the total quality service

movement relies on understanding and utilizing the process as a tool to respond to customers faster than competitors. Equally, Ahire *et. al.,* (1995) reasoned that overall quality of services could be made better by improving the quality of the processes.

2.4.4 Tangible of a Service

Tangible relates to the effect of physical facility, equipment, personnel and communication materials on customers. Lovelock Wirtz (2007) alludes that tangible of a service relate to the style and appearance of the physical surroundings and other elements encountered by customers at service delivery sites. Equally Bitner (1992) defined tangible of a service as the effect of the physical facility, equipment, personnel and communication materials on customers. Zeithaml and Bitner (2003) equally define tangible of a service as the environment in which the service is delivered and where the firm and customer interact, and any tangible components that facilitate performance or communication of the service. They point out that tangible of a service evidence includes, any tangible representations of the organisation, including the physical facility or building where the service is offered. Tangible of a service provide the opportunity for the enterprise to send the message they want regarding the enterprise's purpose and nature of the service (Bitner 1992). He further suggests that the effect of tangible of a service does influence consumers in a number of ways in psychological, emotional and physiological ways. Many other authors have also discussed in detail the impact of these tangible on the service perceptions by customers (Kotler, 1973) and their effect on employees (Becker, 1981).

The importance of how customers think about a service has been recognised for some time (Shostack, 1977). He comments that service images and service realities appear to be shaped to a large extent by the things that the customer can comprehend with their five senses, tangible things and when a customer attempts to judge a service, particularly before buying it, that service is known by the tangible clues and the tangible evidence which surrounds it. Lovelock and Wirtz (2007) suggest that the ambient conditions such as temperature, music, noise and scent are the main dimensions of service environment. They further explain that the ambient condition refer to those characteristics of the environment that pertain to ones five senses. The

resulting atmospheric conditions such as temperature create a mood that is perceived and interpreted by customers in a service encounter (Patrick e*t. al.,* 2002).

Lovelock and Wirtz (2007) clarifys that in service setting, music can have a powerful effect on the perceptions and behaviours even if played at barely audible volumes. He further observes that music can be used to deter the wrong type of customer. Equally Oakes (2000) enlightens that various characteristics of music such as volume, and harmony are perceived holistically. Equally Morris and Punam (1990) found that fast tempo music and high volume music increases arousal levels. Lovelock and Wirtz (2007) observes that scent is one that passes through an environment and may or may not be consciously perceived by customers, and is not related to any particular product or service. Hirsch (1991) explains that scent can be used to manage people's behaviours.

Hirsch and Gay (1991) found customers were willing to buy Nike sneakers and pay more for them when they tried the shoes in a floral-scented room. He adds that the same effect was found when the scent was so faint that people could not detect it. Kheng *et. al.,* (2010), found that tangible had no impact on customer loyalty in a study of banks in Penang, Malaysia. They observed that there is a changing trend and respondents did not treat tangibles as an important measurement anymore due to availability of self-service terminals. They further explain that service industry customers do not view the tangible as an important factor for them.

2.4.5   Social Responsibility

Social responsibility is an important concept, which is probably missed out completely in the quality management literature Sureshchandar, *et. al.,* (2003), they further explain that social responsibility sends strong signals toward improving an organisation image and good will in influencing customers overall evaluation of service quality provided by a particular enterprise. Further they observe that social responsibility sends signals toward improving an enterprise image and good will in influencing customers evaluation of service quality provided by enterprises.

Social responsibility has repeatedly found due recognition and representation in the Malcolm Baldrige Model (US Department of Commerce and Technology Administration, 2000). A study conducted by consumer reports on customers of non-banking financials (Zemke and Schaaf, 1990) found that the predominant customer concerns on service quality was; equal treatment, everyone, big or small, should be treated the same. They also observed that getting good service at a reasonable price.

Price is the monetary cost for a customer to buy products or services. It is the critical determinant that influences customer buying decision Zang and Feng (2009). Customers usually select their service enterprises strongly relying on perceived price. How much consumers are willing to pay differs due to their different needs and wants. Thus, the price perceptions to the same service may differ among individuals. Higher pricing perceived by consumers might negatively influence their purchase probabilities (Peng and Wang, 2006). Equally, Oliver (1997) suggest that customers often judge price relating to service quality, and accordingly generate satisfaction or dissatisfaction, depending on the equity principle. If a consumer perceives price as fairness, he or she is willing to conduct this transaction with the service provider.

Based on previous studies, Cheng *et. al.* (2008) proposed that price perception can be measured by two dimensions: one is reasonableness of prices, which reflects the way that price is perceived by customers comparing to that of competitors; another is value for money, which implies the relative status of the service provider in terms of price. In general, high-quality services are considered to cost more than low-quality equivalents (Chitty *et. al.*, 2007)

Many researchers have pointed out that price perception influences customer satisfaction and trust (Peng and Wang, 2006; Cheng *et. al.*, 2008; Kim *et. al*., 2008). Customers often switch mainly due to some pricing issues, for example high price perceived, unfair or deceptive pricing practices (Peng and Wang, 2006). Therefore, in order to increase customer satisfaction, it is essential for service firms to actively manage their customers' price perceptions, for example carrying out attractive pricing, offering reasonable prices mix, lower prices without decreasing quality.

In enterprises, price is often used as an effective tool not only to attract new customers but at the same time maintain existing ones (Yaacob *et. al.,* 2010). Equally they suggest that an enterprise can reduce or increase its service's price as a strategic move to overcome its rivals. On the one hand, customers are willing to pay if they found price offered by an enterprise is worth of the quality of service that it delivers. In other words, right price motivates a customer to part with his or her money in exchange for something that he or she wants. On the other hand, the acceptable price for enterprises is the price that they can gain some profits.

In a study investigated shopping on net customers loyalty in South Korea, *Choi et. al.,* (2006) divided their respondents into loyal and disloyal customers. They found disloyal customers had a significance influence on price sensitivity but not for loyal customers. In other words, as for loyal customers they are not affected by price, but for disloyal customers changes in price motivated them to move to other enterprises.
A further study on the relationship between price and loyalty was conducted by Consuegra *et. al.,* (2007) on airline passengers in Spain, the results from the study provide empirical support, suggesting that perceived price fairness by the customers not only influences customer satisfaction but loyalty as well. Another study conducted by Santonen (2007), in the study the Empirical tests were conducted with survey data from customers in Finland found price to influence customer loyalty.

Scarborough (2011) explains that the prices that entrepreneurers set for the service they sell are a significant factor in the image they create for their enterprises in their customers minds that will influence the image and ultimately success of their enterprises. He further allude that, as customers have become price conscious, entrepreneurers have to change their pricing strategies to emphasise quality. In addition he explains that the price relationship allows for a wide variety of highly creative pricing and marketing practices which could lead to customer loyalty. Kiruthu (2011) allude that the main reason customers leave are not price and service quality as many enterprises think. This could imply that, customers leave due to poor service or a perceived indifference of the enterprises to the customers. Equally, Letiwa (2011) allude that, the price tag is a powerful emotional trigger that gets

customers to buy or not, depending on a number of easily manipulated and less understood factors. He explains that quality does not come in expensive price tags, and that there are many cheap items like bargain items that are of good quality. This could imply that high price can force customers to buy service they otherwise they would not have.

2.5   Customer Loyalty

Since shoe shine enterprises are very concerned about customer loyalty, they need to review and reexamine their strategies not only to sustain customer loyalty but also to remain competitive. Customer loyalty has been described to as a relationship between relative attitude towards an entity and repeat patronage behaviour (Dick & Basu, 1994); a situation when repeat purchase behaviour is accompanied by a psychological bond (Jarvis & Wilcox, 1977); and repeat purchase intentions and behaviours (Peter & Olson, 1990); as a favourable attitude towards a brand in addition to purchasing it repeatedly (Day, 1969). Baumann *et.al,*. (2005) noted that Day (1969) introduced the concept that customer loyalty had both behavioral and attitudinal dimensions.

The behavior approach includes criteria such as repeat purchase, share-of-wallet, and word of mouth referrals, whereas the attitudinal approach consists of criteria like commitment, trust or emotional attachment. Baldinger and Rubinson (1996) examined the link between attitude and behavior and found that the stronger the attitudinal commitment, the more likely consumers were to remain loyal, thus the use of an attitudinal measure would also indicate the behavioral dimension of customer loyalty. Woodside *et. al.,* (1989) suggests that customers are loyal as long as they continue to buy and use a good or service. This means that loyal customers repeatedly purchase a good or service over time, and hold favourable attitudes towards a good or service, or towards the company supplying the good or service. Reichheld (2003) equally states that the strongest evidence of customer loyalty is the percentage of customers who are enthusiastic enough to refer a friend or colleague to a particular good and/or service. The attitudinal approach is that customers feel a sense of belonging or commitment to the good or service. In a study of marketing intelligence, Rowley (2005) stated that

there are many ways customers show their loyalty, which might include staying with a enterprise and increasing the number of frequency of purchase (McCain *et. al.,* 2005).

Customer loyalty, a key mediating variable in explaining customer retention (Pritchard & Howard, 1997), is concerned with the likelihood of a customer returning, making business referrals, providing strong word-of mouth, as well as providing references and publicity (Bowen & Shoemaker, 1998). Loyal customers are less likely to switch to a competitor due to a given price inducement, and these customers make more purchases as compared with less loyal customers (Baldinger & Rubinson, 1996). Customer loyalty is considered an important source of long-term business success (Rust & Zahorik, 1993), and building a relationship with a customer is a good way to retain loyal customers in the long term (Sheaves & Barnes, 1996). In addition, a study conducted by Barnes (1997) allude that it is unlikely that customers may be retained, often for very long periods, without a genuine quality relationship being present.

Ajzen and Fishbein's (1980) theory of reasoned action suggests that if a customer receives superior service and experiences high levels of relationship quality, the positive intentions towards continuing to do business with the service organization will increase. This theory of reasoned action means as positive intentions increase, one would expect customers to act on those intentions. Thus, a customer evaluation of the quality of the relationship is central to his or her decision to continue or leave the relationship with a service provider (Hennig *et. al.,* 2002). Smith and Wright (2004) used product quality, service quality, and firm viability in their structural equation model as direct determinants of customer loyalty in the personal computer industry, found service quality and firm viability to be statistically significant and product quality was negatively associated with customer loyalty.

Hee-Su and Yoon (2004) in a research in the mobile industry researched if a mobile telephone subscriber would refer the carrier to others found that; call quality (service quality), customer mobile equipment type (product quality and features), and brand image were variables that had significant (positive) effect on customer loyalty. Other variables age, gender were not significant. Ranaweera and Neely (2003) found that perceptions of service quality had a direct linear relationship with customer retention

in a study of telephone users. Level of service quality influences if a customer would refer the firm's service via word-of-mouth advertising (Anderson and Mittal 2000).

2.6   Conceptual Framework

The conceptual framework for this study presented in Figure 2.1 was based on the SERVQUAL model by Parasuraman (1985). The theoretical discussion of literature focused on the SERVQUAL by Parasuraman (1985) model which has contributed to the explanation of service quality indicators determinants and its role in enterprise performance. Empirical evidence included the service quality indicators: core service, human element of service delivery, systemization of service delivery, tangible of a service, social responsibility and customer loyalty. The conceptual frame work was developed basing on the SERVQUAL model by Parasuraman (1985).   The SERVQUAL model was adapted in this study because it has been popular with academics and researchers to assess the customer perception of service quality.

Figure 2.1   Conceptual Framework of Service Quality Indicators on Customer Loyalty
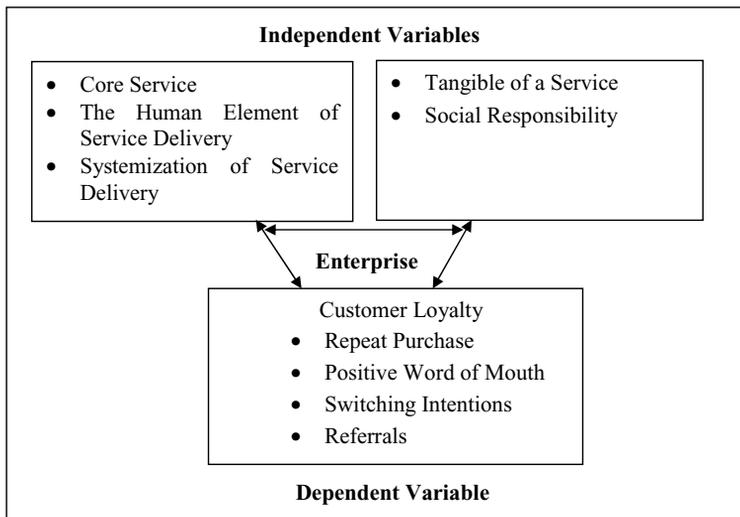
Source: Created by the Researcher for this Study, 2011

It is the assumption of this study that, customer loyalty is achieved through a process that combines service quality indicators: core service, human element of service delivery, systemization of service delivery, tangible of a service and social responsibility. Core service included enterprises; competency, offering quality service, simplified procedures, offering no delays and convenient operating hours. Human element of service delivery included; reliability, responsiveness, assurance and empathy. Systemisation of service delivery included; simplified processes; easy access, giving directions and customer service.

Tangible of a service included; ambient conditions, appealing physical facilities, neatness of shoe shine enterprises and entertainment materials. Social responsibility practices included; reasonable pricing, equal treatment, waste disposal, employment opportunity and legal requirement. The core service, human element of service delivery, systemization of service delivery, tangible of a service and social responsibility were considered as independent variables in this study, while customer loyalty was considered as the dependent variable. Shoe shine enterprises integrates service quality indicators in such a way they influence customer loyalty as reflected in the changes in the dependent variable measures; repeat purchase, positive word of mouth, switching intentions and referrals by the customers of shoe shine enterprises.

2.7   Chapter Summary and Gaps

This chapter firstly, covered the theoretical development of SERVQUAL model followed by empirical evidence. The SERVQUAL model suggests that businesses that have assessed customer perception of service quality could retain the existing customers, attract new ones and achieve reduced costs and profitability in the enterprise continuum. Some of the service industries where Service quality has been assessed include the banking, sports, credit card, academic institutions, mobile, clothing, and hotel industry among others. This study explores the shoe shine enterprises service quality against the studies conducted earlier in the service industry on quality and loyalty. Empirical evidence on shoe shine enterprises are limited.

CHAPTER THREE
3.0   RESEARCH METHODOLOGY

3.1   Overview

This chapter presents the methodology used in the study. It commences with the study area followed by the, research design, sampling frame, population and sample, pilot test, data collection and instruments, validity and reliability, data processing and analysis. The methods adopted in the study assisted the research to achieve the objectives of the study.

3.2   Study Area

The study area was Eldoret Municipality as defined by their respective municipality boundaries (Appendix IV). It is located about 312 km north-west of Nairobi on the main Kenya-Uganda highway and railway line, and it is the district headquarters for Uasin Gishu County. The origin and subsequent development of Eldoret town has to be seen within the context of Kenya's agrarian economy (Ndege, 1989).

Eldoret town was established in 1908 as an isolated colonial Post Office serving the European settler farming community in the surrounding area. It developed from a firm demarcated for settler use, which turned to be unattractive for farming and so was reserved for government use (Rose, 1927). Eldoret town is the fifth largest town in Kenya after Nairobi, Mombasa, Kisumu and Nakuru. The town lies in the Uasin Gishu County at approximate latitude $0^0\ 31^0$ North and Longitude $35^0\ 16^0$ East and 65km North of the equator and at an average altitude of 2,085 meters above sea level.

3.2.1   Eldoret Municipality

Eldoret is located in Uasin Gishu County, in the Rift Valley Province (Appendix V). The County is divided into six constituencies namely: Kesses, Kapsaret, Moiben, Ainabkoi, Soy and Turbo. Eldoret municipality has a fairly well developed socio-economic infrastructure. Shoe shine enterprises in Eldoret are mostly located along the streets in the Central Business District. The shoe shine enterprises are concentrated in Eldoret sites designated as; Police Line, Barngetuny Plaza Area, Municipal Council of Eldoret, Nandi Park, Main Bus Stage, and Referral Road.

3.3   Research Design

This study adopted a research survey strategy. A research design is a plan of action designed to achieve a specific goal (Somekh and Lewin 2009). The idea of a survey is that the researcher obtains the same kind of data from a large group of people or events in a standardised and systematic way and that a researcher then looks for patterns in the data that can be generalised to a large population than the group targeted (Oso and Onen, 2009; Martyn, 2010). Survey research design falls under descriptive studies. It is associated with the deductive approach, which is a common strategy in business and management research. Sample survey facilitates collection and analysis of a given set of characteristics in a population and allows collection of a large amount of data from a population in a highly economical way. This study involved asking questions, which formed the basis for deriving information (McBurney and White, 2010; Oates, 2010; Creswel, 2012).

Complete enumeration is usually very costly. However, under certain conditions complete enumeration may be necessary. The survey strategy allows a researcher to collect qualitative data which can be analyzed quantitatively using descriptive and inferential statistics (Saunders *et. al.,* 2009; Murray, 2010). In addition, data collected using a survey strategy can be used to suggest possible reasons for particular relationships between variables. Survey design is perceived to be authoritative by people in general and it is easily understood, and can therefore result in valuable findings if correct procedures are followed (Muijs, 2008).

Independent variables in the study were service quality indicators that included; core service, human element of service delivery, systemization of service delivery, tangible of a service and shoe shiners social responsibility practices, all measured on ordinal scale. The dependent variable was customer loyalty which included the following measures: positive word of mouth, referrals, favourable attitude, repeat purchase and switching intentions, also generated in ordinal data scale. Data was collected through selected shoe shine enterprises that guided the study to arrive at respondents

(customers) included in this study. Questionnaires were administered to the respondents by the researcher with the assistance of a trained research assistant.

Data collected in this study was analysed by use of descriptive and inferential statistics analysis such as correlation analysis, regression analysis, Chi-square and Phi. Under descriptive statistics analysis results was summarised and presented in pie charts, bar graphs, frequencies and percentages. The Spearman's rho correlation of coefficient, ordinal regression, chi-square and phi were the specific analysis techniques applied in inferential statistics in this study.

3.4   Population and Sample Size Determination

3.4.1   Population

A population in the statistical sense represent all people, entities, events or objects that share common characteristics (Polonsky and Waller, 2010; Waters, 2011). On the basis of the research title, customers of shoe shine enterprises could be included to define the population. This study was based on a population drawn from the location of shoe shine enterprises located in Eldoret Town as presented in Table 3.1.

Table 3.1   Location of Shoe Shine Enterprises in Eldoret Town Kenya

Location	Target Population
Police Line	63
Barngetuny Plaza Area	31
Municipal Council of Eldoret	56
Nandi Park	36
Main Bus Park Stage	70
Referral Hospital Road	48
Total	**304**

Source: Eldoret Municipal Council, 2011

3.4.2 Sample Size Determination and Selection

Sample size determination involved a decision on the shoe shine enterprises in each location selected.

Sample Size Determination: The sample size determination, for the shoe shine enterprises selected in this study was based on Nassiuma (2000) formula for calculating the minimum sample size required for this study. He suggests that in most surveys, coefficient of variation of utmost 30% is usually acceptable. In this study a coefficient of variation of 10% and standard error of 0.02 was used.

The coefficient variation formula is presented as follows:

$$n = \frac{NC^2}{C^2 + (N-1)E^2}$$

Where n = Sample Size

N = Population

C^2 = Covariance

E = Standard Error

$$n = \frac{304 \times 0.10^2}{0.10^2 + (304-1)\,0.02^2}$$

$$= 23$$

Table 3.2   Shoe Shine Enterprises Sampling Design by Location

Location	Population	Selection Size	Selection
Police Line	63	63/304*23	5
Barngetuny Plaza Area	31	31/304*23	2
Municipal Council of Eldoret	56	56/304*23	4
Nandi Park	36	36/304*23	3
Main Bus Park Stage	70	70/304*23	5
Referral Hospital Road	48	48/304*23	4
Total	**304**		**23**

Source: Field study, 2011

The response rate was higher for some of the shoe shine enterprises than the sample size determined for the study. This was due to the high interest shown by those who considered the study to be of importance to the shoe shine enterprises. The researcher selected 23 shoe shine enterprises to get the average number of customers they attend to in a day. The response from the selected shoe shine enterprises indicated that they attend to an average of 10 customers per day. This guided the study to arrive at 230 respondents included in this study as presented in Table 3.3.

Table 3.3   Distribution of Respondents (customers) among the Six Locations of Shoe Shine Enterprises in Eldoret town Kenya

Location	Selection	Average Number of Customer	Sample Size
Police Line	5	5*10	50
Barngetuny Plaza Area	2	2*10	20
Municipal Council of Eldoret	4	4*10	40
Nandi Park	3	3*10	30
Main Bus Park Stage	5	5*10	50
Referral Hospital Road	4	4*10	40
Total	**23**		**230**

Source: Field study, 2011

Sample Selection for Respondents: The researcher, with the aid of a research assistant administered 230 questionnaires randomly to the customers of the 23 selected shoe shine enterprises. The targeted shoe shine enterprises were those with rudimentary fixed premises as presented in Figure 3.1, in each location, between 26th November and 18th December 2011.

Figure 3.1   Rudimentary Fixed Premises for Shoe Shine Enterprises in Eldoret Town, Kenya

Source: Field study, 2011

Sample selection for respondents was achieved using simple random sampling. Firstly, the study area was divided into six locations: Police line, Barngetuny Plaza Area, Municipal Council of Eldoret, Nandi Park, Main Bus Park Stage, and Referral Road. The sample size for the respective location was based on the selected shoe shine enterprises that guided the study. The respondent was selected from the identified shoe shine enterprise using simple random sampling technique. The current customer at the shoe shine enterprise was given the instrument as long as he or she had been a customer for the last six months. This was carried out by the researcher with the aid of a trained research assistant. This was done until all the respondents determined for the study was selected. The sampling method used in this study was based on the selected shoe shine enterprises that guided the study. The customer was selected from each of the 23 shoe shine enterprises on a daily basis for 10 days totalling to 230 respondents.

3.5 Type and Sources of Data and Questionnaire Design

Data collection pertains to the data capturing process for the study while data collection instruments pertain to tools used in the data collection process.

3.5.1 Type and Sources of Data

The data required for this study were secondary and primary. The two sources of data complemented each other in providing answers to the research problem. Some of the sources of secondary data were Textbooks, Published Journals and Daily Newspapers among others. Primary data obtained from questionnaires that included demographic characteristics; age, gender, educational level and marital status. Service quality indicators; core service, human element of service delivery, systemization of service delivery, tangibles of service and social responsibility and customer loyalty was obtained from the respondents and analyzed. The Questionnaire was self administered and explained to customers in detail including its purpose, the meaning of the items and what was expected from them by the researcher with the aid of a trained research assistant. The customers were asked to give their perceptions of the levels of service quality delivered by shoe shine enterprises on a five point likert scale ranging from 1= Strongly Agree to 5= Strongly Disagree.

3.5.2 Questionnaire Design

A questionnaire is a pre-formulated written set of questions to which respondents record their answers in a pre-determined order, respondents are asked to answer the questions providing a researcher with data that can be analyzed and interpreted and are best suited to situations where the researcher wants to obtain standardized data (Swift and Piff, 2005; Sekaran, and Bougie, 2010; Oates, 2010). The self-completion questionnaire instrument has to be particularly easy to follow and its questions have to be easy to answer (Bryman and Bell, 2003; O'Leavy, 2010). Questionnaire can establish rapport and motivate respondents, allows for doubts to be clarified, are economical than other methods. Closed ended questions have some advantages: it is easy to process answers; it enhances the comparability of answers, and makes them easier to show the relationship between variables. In surveys, data are standardized,

and comparison is easy, however it takes much time to do it (Yin, 1994). A questionnaire was the main instrument for data collection in this study.

The questionnaire was divided into three parts and a total of 26 statements as shown in appendix II. The first Section A contained questions relating to the demographic characteristics of the respondents and it had a total of 4 variables; gender, age, level of education and marital status. The second Section B contained indicators of service quality and had five constructs and total of 22 items; core service, this section contained 5 items, human element of service delivery and had a total of 4 items, tangibles of service and had 4 items, systemization of service delivery and contained 4 items and social responsibility which contained 5 items. Section C of the questionnaire contained questions on customer loyalty and had 5 items.

The demographic characteristics were measured on a nominal scale while the indicators of service quality; the core service, the human element service delivery, systemization of service delivery, tangible of a service, shoe shiners social responsibility practices and customer loyalty were measured on an ordinal scale. All the items in the questionnaire except the demographic characteristics were measured using a five-point Likert type response scales, anchored at 1 (Strongly Agree) through 5 (Strongly Disagree).

3.6   Pilot Test

The purpose of the pilot testing is to refine the questionnaire so that respondents will have no problems in answering the questions and subsequently no problems in recording the data, enabling a researcher obtain assessment of the questions validity and the likely reliability of the data that will be collected (Saunders *et. al.,* 2009; McMillan and Weyers, 2010). Pilot testing helps in determining the time a respondent can answer the questions (Ghauri and Grønhaug 2010). Pilot testing of questionnaires assisted in identifying vague questions, providing suggestions on the improvement of the instruments, identifying deficiencies; in addition, to finding the period a questionnaire took to be completed by respondents. It also provided clarity of the instructions, questions that could have been unclear, identification of omissions, developing a layout that was clear and attractive.

The pilot test for this study involved 30 customers of shoe shine products and services in Kitale Municipality in Rift Valley province on an equal basis. The minimum sample size of 30 for statistical analysis provides a useful rule of the thumb for the smallest number in each category and where the population is less than 30 the researcher should take the entire population (William, 2006; Saunders *et. al.*, 2009).

The results of the pilot tests assisted the researcher in determining additional methods for data analysis and the proportion of cases from various sampling categories in the study area that could be included in the study. The Data collected in the pilot testing was analyzed and it provided insights on the data collection instruments that needed revision. It also provided the estimated period for completing a questionnaire.

3.7   Validity and Reliability Tests

3.7.1   Validity

This study ensured validity through content validity via a review by an expert in this field and review of literature and previous research. A measure is valid if it actually measures what it claims to and accurately represents what it is supposed to, validity is concerned with how well the concept is defined by the measures (Hair *et. al.,* 2007; Muijs, 2008). There three types of validity are usually mentioned in texts and in research work; they include content, criterion and construct validity (Fujun *et. al.,* 2007; Muijs, 2008).

Content validity is defined as the assessment of the correspondence between the individual items and concept (Duggirala *et. al.,* 2008; Malhotra 2010). Criterion validity is related to theory and that the instrument should be related to other measures or to predict certain outcomes, equally construct validity relates to the internal structure of an instrument is measuring (Muijs, 2008).

3.7.2   Reliability Tests of Variables

Reliability refers to extents to which a variable or set of variables are consistent in what it is intended to measure, furthermore, reliability refers to the extent to which data collection techniques or analysis procedures will yield consistent findings (Hair

et. al., 2007; Saunders *et. al.,* 2009). This study used multiple items in all constructs so that the internal consistency method was applied. The rationale for internal consistency is that the individual items of the scale should all be measuring the same constructs and thus be highly inter-correlated (Hair *et. al.* 2007).

The study employed factor analysis and reliability analysis to test the reliability of the instruments following the standard procedure. Cronbach's alpha coefficient (Cronbach, 1951) was used to test the unity of the subscales in the instrument. The Cronbach's Alpha coefficient for the whole scale was 0.730. The Cronbach's Alpha coefficient for the items under scrutiny was 0.703, 0.693, 0.874, 0.692, 0.680 and 0.747 respectively, as shown in Table 3.3 indicating that the overall reliability was excellent. Alpha value of 0.60 and 0.70 or above is considered to show reliability (Nunnaly, 1988; Nunally and Ira, 1994; Muijs, 2008; Sekaran and Bougie, 2010).

Table 3.4   Cronbach's Alpha Reliability Tests Results

Constructs	Cronbach's Alpha	Number of Items	Reliability Status
The Core service	0.703	5	Reliable
Human element of service delivery	0.693	4	Reliable
Tangibles of service	0.874	4	Reliable
Systemization of service delivery	0.692	4	Reliable
Social responsibility	0.680	4	Reliable
Customer loyalty	0.739	5	Reliable

Source: Researchers work, 2011

The results of the reliability tests are shown in Table 3.4, all the items included were reliable since all the items measured Cronbach's alpha greater than 0.60, which indicated the good reliability of the instruments used for measurement. The variables were labelled as core service (Factor 1), human element of service delivery (Factor 2), tangibles of service (Factor 3), systemization of service delivery (Factor 4), social responsibility (Factor 5) and customer loyalty (Factor 6). Cronbach's Alpha reliability test was used on the dimensions of service quality indicators and customer loyalty to determine the reliability of the data as shown in appendix VI.

3.7.2.1   Sample Adequacy

To assess the measurement of data adequacy, factor analysis was performed on the 22 items, followed by the varimax rotation. The results in Table 3.4 show the results of the factor analysis test for the variables. The Kaiser-Meyer-Olkin (KMO) value which is a measure of sampling adequacy was found to be 0.671 and the communalities of all items are above 0.50, suggesting that the factor analysis had proceeded correctly and that the sample was adequate.

The results of the Bartlett's Test of Sphericity were also significant, which indicates that the factor analysis processes were correct and suitable for testing multidimensionality. The reliability of all dimensions also meets the acceptable standard of Cronbach Alpha of more than 0.60. These criteria are acceptable to indicate that the sample was adequate (Hair *et. al.,* 2010).

Table 3.5   Bartlett's Test of Sphericity

Constructs	Kaiser-Meyer-Olkin (KMO)	Bartlett's Test of Sphericity
Core service	0.615	0.000
Human element of service delivery	0.663	0.000
Tangibles of service	0.841	0.000
Systemization of service delivery	0.634	0.000
Social responsibility	0.653	0.000
Customer loyalty	0.620	0.000

Source: Researchers work, 2011

3.8   Data Collected and Analyzed

A summary of the instruments administered and delivered for analysis is presented in Table 3.6

Table 3.6   Questionnaires Administered and Returned for Analysis

Response	No. of questionnaires	Percentage (%)
Effective Questionnaires	225	98%
Returned but Defective	5	2%
Total	**230**	**100%**

Source: Field study, 2011

The researcher with the aid of a research assistant administered 230 questionnaires to customers of shoe shine enterprises. From the administered, 5 were dropped due to customers' inability to respond to questions. The size of the sample stands at 225 with a response rate of (98%). The high response rate was due to the personal contact approach used by the researcher as suggested by Sureshchandar *et. al.,* (2003).

3.9   Data Processing and Analysis

Data processing and analysis assisted in deriving answers to research hypothesis in the study.

3.9.1   Data Processing

Data processing involved subjecting of the data to analysis in such a way that all data was used in making comparisons between variables. Data processing helps in providing answers to the research problem (Srivastava *et. al.,* 2008; Kothari 2010). Data processing involved; editing, coding, classification, tabulation and analysis.

Data Editing: Raw data were edited to detect errors, omissions and to correct them where possible. This involved a careful scrutiny of completed questionnaires. Questionnaires returned from the field were all checked and edited before categorizing them on the basis of location. The purpose of editing questionnaires was to ensure that data collected was accurate and consistent to facilitate data coding.

Data Coding: This entailed the assignment of numerals so that the responses could be put into manageable categories. This was necessary where several opinions had been generated by respondents and few representatives or broad categories had to be identified. Coding was carried out to prepare data for analysis and reduction of the classes into forms that could provide information required for critical data analysis.

Data Classification: Data based on common characteristics was grouped to achieve meaningful relations.

Data Tabulation: Data tabulation involved an arrangement of data collected into a logical order to reduce descriptive statements and to facilitate comparison between variables and for the researcher to conduct various statistical computations.

3.9.2 Data Analysis

Data analysis involved identification of the data analysis tools, followed by data analysis using various tests by each research objective of the study. Data analysis was conducted using a computer. Statistical Package for Social Sciences (SPSS) software version 16.0 was used to analyze data and Microsoft Office Excel to format data. Whether a variable is nominal, ordinal or continuous has important consequences for type of analysis (Muijs, 2008).

Data collected had been measured at two levels nominal and ordinal scales as appropriate. The measurement levels determined analysis methods for this study (Pallant, 2001; Muijs, 2008; Saunders *et. al.,* 2009; Howell, 2010; Sekaran and Bougie, 2010). Data analysis aimed at searching and identifying patterns of relationships that existed among independent and dependent variables in this study.

3.10   Statistical Methods

For the purposes of testing the research hypothesis, a number of statistical techniques were employed. Methods used in data analysis were descriptive and causal analysis (Sincich, 2009; Ghauri and Grønhaug 2010). This study employed both descriptive and inferential statistical techniques as appropriate.

3.10.1 Descriptive Statistics

Descriptive statistics describes the phenomena of interest and is used to analyze data for classifying and summarizing numerical data and to confirm that it is worth continuing with further data analysis (Somekh and Lewin, 2009). It includes the analysis of data using frequencies, dispersions of dependent and independent variables and measures of central tendency and variability and to obtain a feel for the data (Saunders *et. al.,* 2009; Sekaran, and Bougie 2010). The results of the study were summarized using pie charts, bar graphs, frequencies and percentages.

3.10.2 Inferential Statistics and Interpretation of Variables

Inferential statistics allows the researcher to present the data obtained in research in statistical format to facilitate the identification of important patterns and to make data analysis more meaningful. Inferential statistics is employed when generalizations from a sample to population are made (Sekaran and Bougie 2010). The inferential statistical methods used in this study included; the Spearman's rho coefficient of correlation, ordinal regression, chi-square test and phi a measure of effect size.

The Spearman's rho coefficient of Correlation: For the purposes of determining whether a statistically significant relationship existed between independent and dependent variables the Spearman's rho coefficient of correlation was used.

Spearman's rho provides the direction of the relationship between independent and dependent variables (Sekaran and Bougie, 2010). The non parametric method of Spearman's rho correlation is the best measure of correlation for two ordinal variables (Muijs, 2008). Under correlation analysis, bivariate analysis was carried out to determine the relationship between independent and dependent variables.

The Spearman's rho correlation coefficient (r_s) lies between -1.0 and +1.0. When (r_s) is positive then the relationship is positive meaning that scores of both variables increase together. When (r_s) is negative then the relationship is negative meaning that as one variable increases the value of the other variable decreases. When (r_s) = 0 it means that there is no relationship (Muijs, 2008; Somekh and Lewin, 2009).

The probability value (p-value) in calculating Spearman's rho correlation coefficient can vary between 0 and 1. The standard value commonly used as cut off points is the 0.05 level, for example when the significance level is less than 5 percent then our findings are significant. The significant level (p-value) only tells us the likelihood that a real difference or relationship between two sets of data obtained is due to chance of variation (Muijs, 2008; Somekh and Lewin, 2009).

Ordinal Regression Analysis: Ordinal regression is used to analyze the relationship between one effect variable, called the dependent or outcome variable and one or more predictors, the independent variables (Bandhita *et. al.,* 2006; Greco *et. al.,* 2008). Ordinal regression allows researchers to predict independent variables related to dependent variable (Marija, 2010). This study used ordinal regression to estimate the magnitude of the effect of the independent variables on the dependent variable.

In the ordinal regression analysis Table, the variable labelled 'Threshold' is the dependent variable, while the variable labelled 'Location' is the independent variables. The estimate 'Beta' parameters (β) gives us the standardised coefficient. The estimate indicates which of the independent variables had the strongest effect on the dependent variable. Betas vary between 0 and 1, with 1 being the strongest effect; negative betas imply negative effect, while positive betas signify positive effect (Muijs, 2008). Estimates should be more than twice as large as the standard error for the relationship to be statistically significant at the 0.05 level (Bandhita *et. al.,* 2006).

The standard error helps in testing whether the relationship between observed and expected frequencies could arise due to chance and enables researchers to specify the limits within which the parameters of the population are expected to lie with a specified degree of confidence (Muijs, 2008; Kothari 2010).

The Wald statistics tests the null hypothesis that the constant equals 0. This hypothesis is rejected if the p-value is less than 0.05 (Moulmath and John, 2002). The (95%) confidence intervals gives the higher and lower bound between which our value (relationship) can fluctuate, given that we can never be certain what the exact value in the population is. For example, with a level of probability (95%) could imply that given the value found, the value in the population is likely to vary between a minimum and a maximum value (Muijs, 2008). Thus, the confidence interval gives an indication of how much uncertainty there is in our estimate of the true value.

The R square (R^2) explains the amount of variance in the dependent variable explained by all the predictors together or how all variables taken together (our

model) predict the outcome. In order to see how well the variables predict the outcome (model fits the data) we need to get the square root of 'R^2' (Muijs, 2008). The rule of thumb used to see how the study variables predict the outcome is presented in Table 3.7

Table 3.7   **Rule of Thumb to see how the Study Model fits the Data**

Effect Size	Strength of Relationship
< 0.10	Poor fit
0.11-0.30	Modest fit
0.31-0.5	Moderate fit
>0.5	Strong fit

Source: Muijs Daniel (2008).

Chi-square: Chi-square is a non parametric test (Technique) used to test independence and or association using nominal and or ordinal variables (Somekh and Lewin, 2009; Ghauri and Grønhaug 2010). The chi-square test tests the null hypothesis that independent and dependent variables are statistically significant (Waters, 2011). In order to conclude there is an association or relationship between variables using chi-square, the p-value has to be small as possible; less than 0.05 (Muijs, 2008). This study used chi-square test to test the study hypothesis.

Phi: Phi is one of the post-hoc analysis that explores the strength of the relationship between nominal or ordinal variables when the null hypothesis is rejected (Somekh and Lewin, 2009). The strength of the relationship is determined by dividing the chi-square by the sample size and getting the square root of that Figure (Muijs, 2008). The study employed phi to measure and or explore the strength of relationship between the independent variables and the dependent variable. The cut off points to measure the strength of the relationship is presented in Table 3.8

Table 3.8   **Cut off Points to Measure the Strength of the Relationship between Variables**

Effect Size	Strength of Relationship
< 0.1	Weak
< 0.3	Modest
< 0.5	Moderate
< 0.8	Strong
≥ 0.8	Very Strong

Source: Muijs Daniel (2008).

Every objective in this study was analysed separately as follows:

Objective one: Determined the effect of core service on customer loyalty. This objective was ranked in nature; it was analysed using descriptive and inferential statistics. The levels were summarized using frequencies and percentages under descriptive statistics. Spearman's rho coefficient of correlation, ordinal regression, chi-square and phi were the analysis methods employed in inferential statistics.

Objective two: Examined influence of human element of service delivery on customer loyalty. This objective was ranked in nature; it was analysed using descriptive and inferential statistics. The levels were summarized using frequencies and percentages under descriptive statistics. Spearman's rho coefficient of correlation, ordinal regression, chi-square and phi were the specific analysis methods employed in inferential statistics.

Objective three: Examined how systemization of service delivery influences customer loyalty. The objective was ranked hence correlation and regression analysis was applied. Levels were summarized using frequencies and percentages. Spearman rho coefficient of correlation, ordinal regression, chi-square and Phi were applied.

Objective four: Assessed the effect of tangible of a service on customer loyalty. The objective was ranked hence correlation analysis and regression analysis was applied. Under descriptive statistics, variables in the study were summarized using frequencies and percentages. Spearman's rho coefficient of correlation, ordinal regression, chi-square and phi were the specific techniques employed in inferential statistics.

Objective five: Examined the influence of shoe shine enterprises social responsibility practices on customer loyalty. The objective was ranked hence correlation analysis was applied. Under descriptive statistics, the levels were summarized using frequencies and percentages. Spearman rho coefficient of correlation, ordinal regression, chi-square and Phi were the specific inferential techniques applied.

3.11 Ethical Issues

Ethical consideration and research authorization was obtained from the National Council for Science and Technology, Ref. No. NCST/RRI/1/SS-011/1558/4; subject to authority from Eldoret Municipal Council and the District Commissioner Uasin Gishu County (Appendix III). Prior to administering the questionnaires, a letter stating the purpose of the study and how the researcher intended to maintain privacy, confidentiality and anonymity was attached (Appendix I). The researcher was required to ensure high degree of tolerance, honesty and patience with customers of shoe shine enterprises while getting information from them (Creswell, 2012).

3.12 Limitations of the Study

Resources at the disposal of the researcher (time and finance) limited this study however, did not affect the results, given that results from the County could be generalized to other Counties where shoe shine enterprises are emerging. The possible effect of the limitations of semi-literate respondent was managed through a trained research assistant. Lastly, the scale used in this study required more specific items related to shoe shine enterprises. This could be possible with in depth interviews with customers prior to the development of the questionnaires.

3.13 Chapter Summary

The research methodology in this chapter laid ground for the methods and tools used in capturing data for answering the research problem. This chapter covered the study area, research design, population and sample size determination, data collection and questionnaire design, pilot test, validity and reliability tests, data collected and analysed, data processing and analysis, ethical consideration and limitations of the study. Analysis methods in this study included descriptive and inferential statistics.

CHAPTER FOUR

4.0   DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1   Overview

This chapter presents the results and discussions of the study. The results are presented on the basis of the rrespondents characteristics and the five research objectives of the study

4.2   Demographic Characteristics of Respondents

The influence of demographic characteristics was assessed to discern if any influence existed hence providing a better understanding of how shoe shiners could improve their service to achieve customer loyalty.

4.2.1   Descriptive Statistics of Respondents Demographic Characteristics

Information in this section was based on selected demographic characteristics of respondents, including; age, gender, level of education and marital status all measured on a nominal scale. The purpose of examining the demographic characteristics of the respondents was to lay ground for a more detailed analysis and especially interactive aspects between dependent and independent variables. The influence of demographic characteristics of respondents with customer loyalty was assessed to determine their relationship. The independent variables in the assessment were; age, gender, level of education and marital status while the dependent variable was customer loyalty. The study analysed the data using descriptive statistics, correlation analysis and regression analysis. Under descriptive statistics frequencies and percentages was applied to ascertain the most frequent aspects in the demographic variables. Bivariate analysis under correlation analysis was computed to examine the relationship between the demographic characteristics; age, gender, level of education and marital status of the respondents with customer loyalty. Ordinal regression analysis under regression analysis was carried out to find out whether the respondents characteristics; age, gender, level of education and marital status had any effect on customer loyalty.

4.2.1.1   Respondents Gender

The study finding of the respondents gender is presented in Figure 4.1.

Figure 4.1   Respondents Gender

Number of Respondents = 225
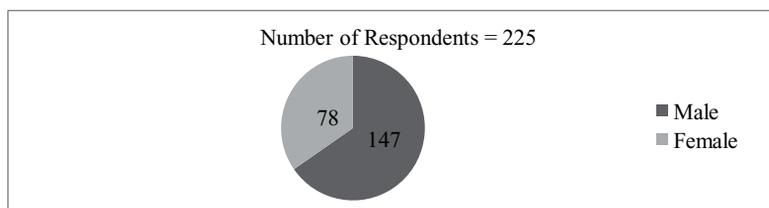
Source: Field Survey, data 2011

The results indicate that more males 147 representing (65%) visit shoe shine enterprises than females 78 representing (35%). The dominancy of male respondents could firstly imply, that most males wear leather shoes that require polishing as compared to females. Secondly, female find it difficult to visit shoe shine enterprises may be because of the process of consuming the service, where the dressing code does not allow them to receive the service.

Thirdly, it could suggest the gender difference as the results indicate that the shoe shine enterprises are male dominated making the female respondents not to be comfortable and not to access the service. Fourthly, this could suggest that male customers visit the shoe shine enterprises viewing it as a social place where they can meet and chart with friends. Fifthly, the nature of the work may also engage the males to visit shoe shine enterprises. Lastly the results on respondents gender are related to the marital status of the participants in the study.

The results indicated that most of the female customers were married; this could be the reason why their participation in consuming the shoe shine enterprises services was minimal. The results imply that participation of female customers in shoe shine enterprises activities was low. Secondly, women could have been overwhelmed by family responsibilities as well as fear associated with violent encounters with the law enforcement agents of the municipal council of Eldoret town.

4.2.1.2   Respondents Age

The findings of respondents age is presented in Figure 4.2.

Figure 4.2   Respondents Age Categories
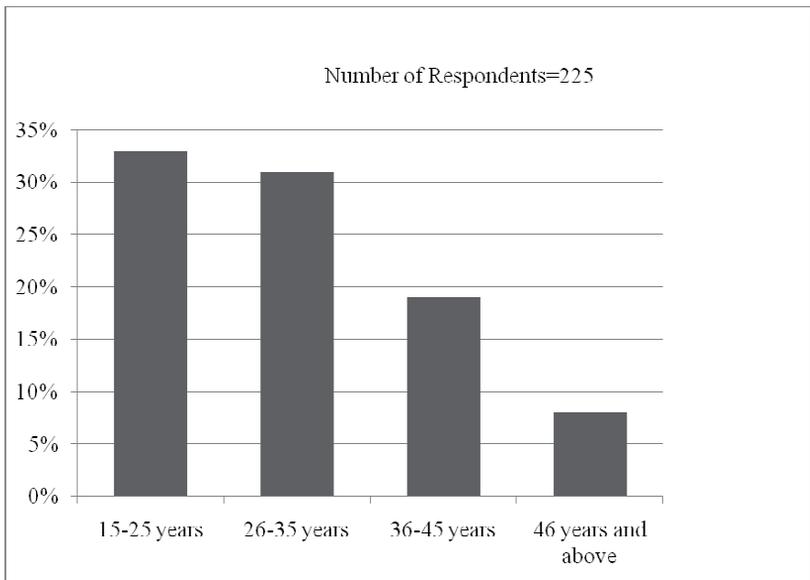
Source: Field Survey, data 2011

The findings indicate that most 75 (33%) respondents of shoe shine enterprises customers were in the age bracket of 15-25. This was closely followed by 26-35 years 69 (31%). The age categories 36-45 years 57 (19%) and 46 years and above representing 24 (8%) respectively had the least number of respondents. This could imply firstly, that majority of the respondents constituted to what is defined as the youths. Secondly, the high response of the youths could indicate that there is a high rate of unemployment making them to visit the shoe shine enterprises. This could

imply, most of the youths in college and those who had completed their education were in the job searching market and had to be physically clean, smart and neat, this could have made them to visit shoe shine enterprises to get shoe shining services.

4.2.1.3   Respondents Level of Education

The findings of the respondents level of education is presented in Figure 4.3.

Figure 4.3   Respondents Level of Education
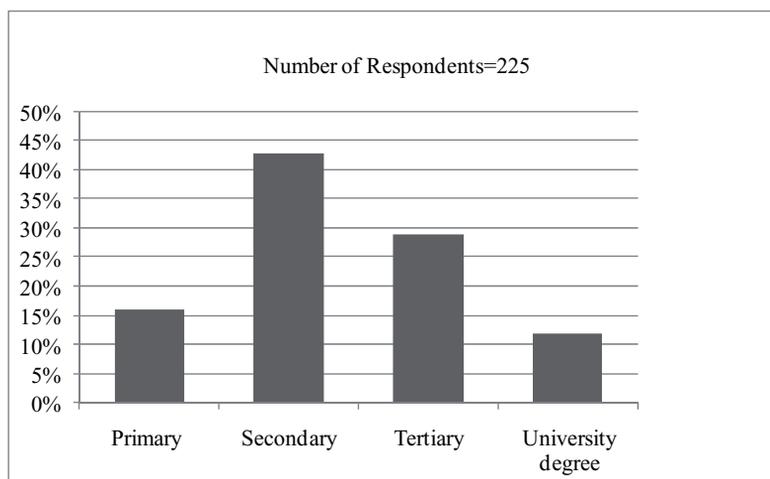
Source: Field Survey, data 2011

The study findings indicate that most of the respondents 96 representing (43%) with secondary education paid frequent visits to shoe shine enterprises. This was closely followed with 66 respondents with tertiary education level representing (29%). The respondents with primary level of education 36 (16%) and university degree holders 57 (12%) had the least number of responses. This could mean that the shoe shine enterprises did not appeal to respondents with higher level of education.

4.2.1.4   Respondents Marital Status

The marital status of Respondents is presented in Table 4.4.

Figure 4.4   Respondents Marital Status
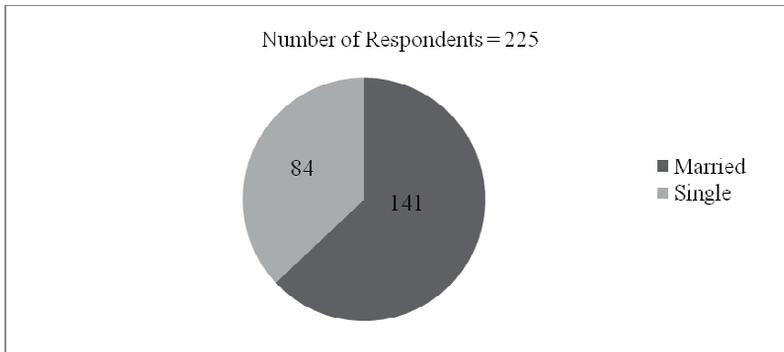
Source: Field Survey, data 2011

The findings indicate that majority of the respondents 141 (63%) were married while 84 (37%) were single. The results could imply firstly, that most of the respondents were married had family responsibilities making them not have time to do the shoe shine service at home. Secondly, this could mean that the married respondents had children who may need services like cobbling which is not available at home. This makes them to visit the shoe shine enterprises. The respondents marital status could thus have a bearing on the higher visits to the shoe shine enterprises.

4.2.2 Spearman's rho Correlation Coefficient of the Respondents Demographic Characteristics and Customer Loyalty

The Spearman's rho Correlation Coefficient of the Respondents Demographic Characteristics and Customer Loyalty are presented in Table 4.1.

Table 4.1   Spearman's rho Correlation Coefficient of the Respondents Demographic Characteristics and Customer Loyalty

Respondents Demographic Characteristics		Customer loyalty
Gender		
	Correlation	0.110
	P-value	0.348
Age		
	Correlation	-0.067
	P-value	0.566
Education level		
	Correlation	-0.392**
	P-value	0.001
Marital status		
	Correlation	0.055
	P-value	0.641

** Denotes Correlation is significant at the 0.01 level (2-tailed).
 * Denotes Correlation is significant at the 0.05 level (2-tailed).
Source: Field Survey data, 2011

The study findings indicate that there was no statistically significant relationship ($p>0.005$) between gender and customer loyalty. These results suggest that the gender of the customer had no significant relationship with customer loyalty. Equally, there was no statistically significant relationship ($p>0.05$) between age and customer loyalty. The results compare well with those of Hee-Su and Yoon (2004) in a mobile industry, researched if a customer would recommend the carrier (mobile phone) to others, their finding was age had no relationship with customer loyalty. The results indicate that the level of education had a significant negative ($r_s = -0.392$ $p<0.05$) relationship with customer loyalty. Firstly, this could imply that education is expected to have an important bearing on customer loyalty especially in aspects of

understanding what quality connote. Secondly, it may mean that highly educated customers are informed and could have other alternative of consuming quality services because of exposure making them to have little loyalty as compared to the less educated. The findings indicate that marital status of the customer had no statistical ($p>0.005$) relationship with customer loyalty. These findings imply that the marital status of the customer had no statistical relationship with customer loyalty.

4.2.3 Ordinal Regression of Customer Loyalty with Demographic Characteristics of the Respondents

The ordinal regression analysis between customer loyalty with demographic characteristics of respondents is presented in Table 4.2.

Table 4.2 **Ordinal Regression of Customer Loyalty with Demographic Characteristics of Respondents**

Variables	Estimate	Std. Error	Wald	95% Confidence Interval		Sig
				Lower Bound	Upper Bound	
Threshold						
(Customer loyalty=SA)	-0.672	1.441	0.217	-3.497	2.153	0.641
(Customer loyalty=A)	2.498	1.478	2.857	-0.398	5.395	0.091
(Customer loyalty=N)	5.536	1.609	11.840	2.383	8.689	0.001
Location						
(Gender=1)	-0.495	0.510	0.942	-1.496	0.505	0.332
(Age=2)	1.179	1.282	0.845	-1.334	3.693	0.358
(Education=1)	3.150	1.005	9.833	1.181	5.119	0.002
(Education=2)	2.125	0.831	7.105	0.586	3.844	0.008
(Education=3)	0.796	0.846	0.886	-0.851	2.454	0.346
(Marital status=1)	0.063	1.026	0.004	-0.951	-1.948	0.951
Model	**-2log Likelihood**			**Chi-square**		
Intercept only	311.808					
Final	257.752			54.056		0.000

Nagelkerke R^2= 0.242
Link function: Logit
Key: SA- Strongly Agree, A-Agree, N- Neutral, Gender=1-Male, Age=2-15-25 years, Education=1- Primary Level, Education=2-secondary Level, Marital Status=1-Married

Source: Field Survey data, 2011

The study findings indicate that the respondents selected demographic characteristics; gender, age and marital status had no effect ($p>0.05$) on customer loyalty. The customers with primary education level had a positive effect ($\beta=3.150$ $p<0.05$) on customer loyalty. The results could imply that the customers with primary level education had a statistically significant relationship with customer loyalty.

Equally, the findings indicate that the respondent with secondary level of education had a positive effect ($\beta=2.125$ $p<0.05$) on customer loyalty. Further the findings indicate that the customers with tertiary level education and degree holders had no effect ($p>0.05$) on customer loyalty. This could imply that educated customers were not loyal, even if the quality of service offered to them was high. They can judge the quality of the service offered in any location of shoe shine enterprises resulting to a decrease in loyalty.

Further the findings indicate that -2log likelihood of the model with only intercept is 311.808 while the -2log likelihood of the model with intercept with independent variables is 257.752. That is the difference (chi-square statistics) is 311.808 - 257.752= 54.056 which is significant at p<0.05 shows there is an association between customers demographic characteristics and customer loyalty.

$$phi \quad = \quad \frac{54.056}{225}$$

$$= 0.240$$

$$= \sqrt{0.240}$$

$$= 0.49$$

In addition the Phi effect size of (0.49), refer to Table 3.8 shows that the relationship between respondents demographic characteristics and customer loyalty is moderate.

4.3   Effect of Core Service on Customer Loyalty

The effect of core service on customer loyalty was based on objective one. This assisted in answering whether the content of core service had a relationship with customer loyalty. Information in this section was based on core service indicators; competency of shoe shine enterprises, quality of service offered by shoe shine enterprises, procedures in consuming services, time taken to consume the service and convenient operating hours offered by shoe shine enterprises for example working on weekends and holidays, extended working hours in the evenings measured on an ordinal scale. The dependent variable was customer loyalty.

Descriptive and inferential statistics was employed. Under descriptive statistics, analysis was by frequencies and Percentages.   Inferential statistics including correlation, regression analysis, Chi-square and Phi were used. Bivariate analysis was conducted in respect of two variables. Under correlation analysis, bivariate analysis was carried out to ascertain the correlation between the variables. The Spearman's rho correlation coefficient was used to explain whether core service had any statistical

relationship with customer loyalty. Ordinal regression was conducted to examine effect of core service on customer loyalty. Chi-square was used to test the study hypothesis that core service and customer loyalty is not statistically significant and phi to measure how strong the relationship was between core service and customer loyalty.

For the purposes of analysis for descriptive statistics, strongly agree and agree were collapsed to indicate agreement while strongly disagree and disagree were collapsed to indicate disagreement.

4.3.1 Frequencies of Core Service in Relation to Service Quality

The frequencies of core service in relation to service quality as perceived by the customers are presented in Table 4.3.

Table 4.3   Frequencies of Core Service Indicators in Relation to Service Quality

Indicators of Core service	Rank	F	%
The service is offered by a competent person			
	Agree	135	60
	Neutral	42	19
	Disagree	48	21
	Total	**225**	**100**
The enterprises offers me is of good quality services			
	Agree	162	72
	Neutral	57	25
	Disagree	6	3
	Total	**225**	**100**
The procedures used are simplified			
	Agree	153	68
	Neutral	54	24
	Disagree	18	8
	Total	**225**	**100**
The shoe shine enterprises offers me no delays			
	Agree	165	73
	Neutral	27	12
	Disagree	33	15
	Total	**225**	**100**
Shoe shine enterprises offers convenient operating hours			
	Agree	132	59
	Neutral	30	13
	Disagree	63	28
	Total	**225**	**100**

Source: Researchers Computation from Survey data, 2011

The results show that 135 (60%) of the respondents were positive that the shoe shine enterprises were competent as an indicator of service quality, while 48 (21%) were negative and those who were neutral constitute 42 (19%). This could mean that the shoe shine enterprises were experts in their enterprises and had exceeded the customer expectations in terms of performance.

The results indicate that most of the respondents 162 (72%) were positive that the shoe shine enterprises offered good quality services to indicate service quality, 6 (3%) disagreed, while 57 (25%) were neutral. This could suggest that the shoe shine enterprises offered their customers good quality services that satisfied them as perceived by the respondents.

Equally, the results indicate that 153 (68%) of the customers were positive that the procedures used in consuming the service was simplified to them indicated service quality, while 18 (8%) were negative, those who were neutral represent 54 (24%). This could imply that customers find it easy to access shoe shine enterprises without difficulties. In addition, 165 (73%) of the respondents were positive that the shoe shine enterprises offered them no delays when offering the service to indicate service quality, 33 (15%) of the respondents were negative while 27 (12%) were neutral. This could imply that the shoe shiners were conversant with time management skills as one of the entrepreneurial trait making them to observe time since customers would want a service that offers no delays. Lastly, most of the respondents 132 (59%) agreed that the shoe shine enterprises offered convenient operating hours to indicate service quality, while 63 (28%) were not satisfied, those who were neutral constitute 30 (13%). This could imply that the customers were sure that the shoe shine enterprises offered ideal operating hours for example working over the weekends, holidays and extended hours in the evening.

4.3.2   Core Service and Customer Loyalty

This study shows the relationship between core service and customer loyalty. The Spearman's rho correlation coefficient between core service and Customer Loyalty is presented in Table 4.4.

Table 4.4   **Spearman's rho Correlation Coefficient of Core Service and Customer Loyalty**

Core Service Indicators		**Customer loyalty**
Competency of the shoe shine enterprises		
	Correlation	0.249**
	P-value	0.031
Quality offered		
	Correlation	0.576**
	P-value	0.000
Simplified Procedures		
	Correlation	0.150
	P-value	0.200
No delays		
	Correlation	0.007
	P-value	0.995
Convenient operating hours		
	Correlation	0.309**
	P-value	0.007

** Denotes Correlation is significant at the 0.01 level (2-tailed).
 * Denotes Correlation is significant at the 0.05 level (2-tailed).
Source: Field Survey data, 2011

The results indicate firstly, that core service indicators; competency of the shoe shine had a significant positive (r_s = 0.249** p<0.05) relationship with customer loyalty. This could imply that, because the shoe shine enterprises had surpassed the customers expectations in terms of competency resulted in increased loyalty. Secondly, the quality offered by shoe shine enterprises had a significant positive (r_s = 0.576** p<0.05) relationship with customer loyalty. This could imply that as the quality of service offered as perceived to indicate service quality increases, customers tend to be more loyal. Thus, shoe shine enterprises should remain entrepreneurial and willing to take risks and constantly innovate and improve their products and services to achieve retention, referral and in the long run customer loyalty. Thirdly, shoe shine enterprises offering convenient operating hours had a significant positive (r_s = 0.309** p<0.05) relationship with customer loyalty. The findings of this study compare well to the findings of Sureshchandar (2003). The result could imply that as a result of shoe shine enterprises offering convenient operating hours for example extended service hours in

the evenings; customers refer them to friends because of the convenient operating hours. Thus, the shoe shine enterprises should offer extended service hours to achieve customer retention, repeat purchases, referrals, positive word of mouth and hence customer loyalty.

Fourthly, simplified procedures, offering no delays were perceived to indicate service quality by customers had no statistically significant relationship with customer loyalty (p>0.05). The study findings contradicts those of Glaveli *et.al.,* (2006) in a study of bank service quality that indicated that speed of service delivery enhanced perception of service quality. Further the study also contradicts the findings of Joseph *et.al.,* (2005) on the use of banking technology in the United Kingdom that indicated that no waiting time raised customer satisfaction levels.

The results of this study could imply that the shoe enterprises should understand and develop innovations as the key element in their strategy. This could mean, apart from them offering core service, shoe shine enterprises could introduce new services such as second had shoes, shoe lace and soft drinks like soda. This could attract new customers and retain the existing one. Equally, shoe shine enterprises could stay close to customers through local promotions. Customers can help in brainstorming service ideas, which leads to improved performance hence making them loyal as a result of improved quality.

4.3.3   Ordinal Regression Analysis of Customer Loyalty with Core Service

The ordinal regression analysis between customer loyalty with core service is presented in Table 4.5.

Table 4.5   **Ordinal Regression of Customer Loyalty with Core Service**

Variables	Estimate	Std. Error	Wald	95% Confidence Interval		Sig
				Lower Bound	Upper Bound	
Threshold						
(Customer loyalty=SA)	-10.439	2.656	15.540	-15.644	-5.234	0.000
(Customer loyalty=A)	-4.524	2.278	3.943	-8.989	-0.059	0.047
(Customer loyalty=N)	-0.712	2.138	0.111	-4.904	3.479	0.739
Location						
(Quality offered=SA)	-9.206	2.381	14.948	-13.873	-4.539	0.000
(Quality offered=A)	-5.404	1.970	7.523	-9.266	-1.542	0.006
(Quality offered=N)	-4.018	1.950	4.243	-7.840	-7.840	0.039
(Simplified procedure=SA)	-3.127	1.532	4.169	-6.130	-0.125	0.041
(No delays=SA)	3.521	1.444	5.950	0.692	6.351	0.015
(No delays=A)	3.284	1.123	8.551	1.083	5.486	0.003

Model	**-2Log Likelihood**	**Chi-square**	
Intercept only	422.046		
Final	242.949	179.097	0.000

Nagelkerke R^2= 0.621

Link function: Logit
Key: SA- Strongly Agree, A-Agree, N- Neutral
Source: Field Survey data, 2011

The findings indicate that the quality of service offered had a negative effect (β=-9.206 p<0.05) on customer loyalty. The results compare well with those of Nassiuma (2010) that indicates that service quality of products offered by entrepreneurers determines the sales enterprises could realise, thus influencing loyalty. This could mean when the service offered is of high quality the customer loyalty increases and vice versa. Thus the shoe shine enterprises should make sure that always deliver quality services consistently to achieve customer loyalty. Despite the customers perceiving that, the simplified procedure indicated service quality to them it had a negative effect (β=-3.127 p<0.05) on customer loyalty. This contradicts Schneider and Bowen (1995) findings that indicated that in a service enterprise lot of emphasis should be placed on the procedures, processes and context. This could mean that when customers find it difficult to consume services they tend to run away and look for services they can consume without difficulties. Thus shoe shine enterprises should

put a lot of emphasis on the procedures and processes in offering their core services to achieve customer loyalty.

The study findings also indicate that the time taken for the customer to receive the service had a positive effect ($\beta=3.521p<0.05$) on customer loyalty. This could imply firstly, that customers don't want a service that delays them in running their daily routine activities and would want a service that is quick to them. Lastly this could imply that the lower the delays experienced by the customers makes them refer the enterprise to others, frequent purchases, positive word of mouth about the service and the shoe shine enterprises increase their profitability as a result of customer loyalty.

4.3.4 Hypothesis Testing: Statistical Relationship between the Core Service and Customer Loyalty

H_{01}: There is no statistical significant relationship between the core service and customer loyalty

In order to analyze this hypothesis, Table 4.5, indicates that, -2log likelihood of the model with only intercept is 422.046 while the -2log likelihood of the model with intercept with independent variables final is 242.948. That is the difference (Chi-square statistics) is 422.046 – 242.948= 179.098 which is significant at $p<0.05$ shows there is an association between core service and customer loyalty.

$$phi = \frac{179.097}{225}$$

$$= 0.796$$

$$= \sqrt{0.796}$$

$$= 0.892$$

Equally, the Phi effect size of (0.89), refer to Table 3.8 shows that the relationship between core service and customer loyalty was very strong. The R^2 value of 0.621 indicates that (62%) of the variance is statistically significant in explaining customer

loyalty using the predictor. In addition the square root of the R^2 ($\sqrt{0.621}$) = 0.788 refer to Table 3.7, indicates that the study model is strong fit. The Chi-square value which is significant at ($p<0.05$) level shows that the core service plays a significant role in influencing customers to shoe shine enterprises. The results also show that the lower and upper bound for both dependent and independent variables does not contain a zero value. Hence the results indicate confidence (95%) that there is a significant change between core service and customer loyalty. Consequently, the null hypothesis that, there is no statistical significant relationship between the core service and customer loyalty is rejected and the alternative hypothesis is accepted and concluded that there is a relationship between core service and customer loyalty.

4.4 Influence of the Human Element of Service Delivery on Customer Loyalty

The Influence of the human element of service delivery on customer loyalty was based on objective two. This assisted in answering whether the content of human element of service delivery had a relationship with customer loyalty. Information in this section was based on the human element of service delivery indicators; reliability, responsiveness, assurance and empathy measured on an ordinal scale. Descriptive and inferential statistics was employed. Under descriptive statistics, analysis was by frequencies and percentages. Inferential statistics including correlation, ordinal regression analysis, Chi-square and phi were used. Under correlation analysis Spearman's rho correlation coefficient was used to explain whether the human element of service delivery had any statistical relationship with customer loyalty.

Ordinal regression analysis was conducted to examine the effect of the human element of service delivery indicators; responsiveness, reliability, assurance and empathy on customer loyalty. Chi-square test to test the study hypothesis that human element of service delivery and customer loyalty is not statistically significant. The study used Phi to measure how strong the relationship was between the human element of service delivery and customer loyalty. For the purposes of analysis for descriptive statistics, strongly agree and agree were collapsed to indicate agreement whereas strongly disagree and disagree were collapsed to indicate disagreement.

4.4.1 Frequencies of the Human Element of Service Delivery in Relation to Service Quality

The frequencies of the human element of service delivery in relation to service quality as perceived by the customers are presented in Table 4.6.

Table 4.6   Frequencies of the Human Element of Service Delivery Indicators in Relation to Service Quality

Indicators on Human Element of service Delivery	Rank	F	%
The enterprise performs the service to me right the first time			
	Agree	138	61
	Neutral	69	31
	Disagree	18	8
	Total	**225**	**100**
The enterprise is never too busy to respond to my request			
	Agree	138	61
	Neutral	69	31
	Disagree	18	8
	Total	**225**	**100**
I feel safe and secure when shining my shoes			
	Agree	135	60
	Neutral	57	25
	Disagree	33	15
	Total	**225**	**100**
The shoe shine enterprise gives me individualised attention			
	Agree	144	64
	Neutral	30	13
	Disagree	51	23
	Total	**225**	**100**

Source: Researchers Computation from Survey data, 2011

The study findings intimated that 138 (61%) of the respondents agreed that reliability indicated service quality to them, while 18 (8%) disagreed, those who were neutral were 69 (31%). This could mean that the shoe shine enterprises were above average in handling new costumers by giving them quality services, performing the service right the first time and insisting on error free services, and that they were ready to admit and apologize whenever they make mistakes. Equally, the results show that 138 (61%) of the respondents agreed that responsiveness was an important indicator of service quality, while 18 (8%) were negative, those who were neutral constituted 69 (31%). This could mean that the shoe shine enterprises responded to customers

questions and showed genuine interest in solving their problems. The results could also imply that the shoe shine enterprises were willing to help and provide quick services to their customers.

On the assurance aspect, 135 (60%) of the respondents were positive that they felt safe while consuming the shoe shine services to indicate service quality, while 33 (15%) disagreed, the neutral response represented 57 (25%). This could imply that the shoe shine enterprises instilled customers with confidence and treated them as friends, making them to be comfortable and consume the service without fear. The shoe shine enterprises had build trust and confidence to their customers. Majority of the respondents 144 (64%) were positive on the empathy aspect to indicate service quality, while 51 (23%) disagreed, 30 (13%) were neutral. This could imply that shoe shine enterprises gave individual attention, to customers and had sincere interest in understanding their specific needs, making them feel being cared for and making them feel free during their consuming of services. The results may imply that shoe shine enterprises had a good rapport, and flexible in delivering services to customers.

4.4.2   Human Element of Service Delivery and Customer Loyalty

This study shows the relationship between human element of service delivery and customer loyalty. The Spearman's rho correlation coefficient between human element of service delivery and customer loyalty are presented in Table 4.7.

Table 4.7   Spearman's rho Correlation Coefficient of the Human Element of Service Delivery and Customer Loyalty

Human Element Of Service Delivery Indicators		Customer loyalty
Reliability		
	Correlation	0.160
	P-value	0.170
Responsiveness		
	Correlation	0.282*
	P-value	0.014
Assurance		
	Correlation	0.397**
	P-value	0.000
Empathy		
	Correlation	0.507**
	P-value	0.000

** Denotes Correlation is significant at the 0.01 level (2-tailed).
* Denotes Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey data, 2011

The results show that the human element of service delivery indicators; Reliability was perceived to indicate service quality by the customers was not statistically significant with customer loyalty ($p>0.05$). This contradicts Parasuraman (1988) who suggested that, reliability was the most important determinant of perception of service quality among customers in the service industry enterprises. The study findings also differ from those of Kheng *et.al.,* (2010) in a study of banks in Penang, Malaysia found that reliability and a positive relationship with customer loyalty. This could imply firstly, that shoe shine enterprises should insist on error free services (accurate performance), show sincere interest in solving customers problems to achieve customer loyalty. Secondly the results could imply that when shoe shine enterprises made errors they should be ready to admit and apologize. This could be perceived positively by the customers who will in turn remain loyal.

Responsiveness was perceived as an indicator of service quality by customers of shoe shine enterprises and had a significant positive relationship with customer loyalty ($r_s =$

0.282** p<0.05). The results compare well with those of Parasuraman (1988) and Sureshchandar (2003) which explained that, responsiveness was the willingness to help the customer in dealing with their questions, complains and problems. The findings oppose those of Kheng *et.al.,* (2010) in a study of banks in Penang, Malaysia found responsiveness and customer loyalty not having a statistical significant relationship.   The findings imply, as shoe shine enterprises responsiveness role increases then loyalty increases. Thus shoe shine enterprises must be able to confirm to customers time when the service will be performed, they should be open, honest when answering questions, and willing to help customers when they encounter difficulties when consuming shoe shine enterprises services to achieve loyalty.

Equally assurance was perceived to indicate service quality by the customers of shoe shine enterprises had a significant positive relationship with customer loyalty (r_s = 0.397** p<0.05). The results support those of Parasuraman (1988) and Sureshchandar (2003) that pointed out that, the assurance is likely to be particularly important for services that the customer perceives as involving high risk and or about which they feel uncertain about their ability to evaluate outcomes. The results also support those of Kheng *et.al.,* (2010) that indicated that assurance had a positive relationship with customer loyalty in a study of bank in Penang, Malaysia. The findings could imply firstly, the shoe shine enterprises should illustrate efforts to create trusting relationships between customers and their enterprises to achieve loyalty. Secondly, the shoe shine enterprises should provide their services as promised. This instils confidence making the customers feel safe during transactions.

In addition empathy as perceived by customers of shoe shine enterprises as an indicator of service quality had a significant positive relationship with customer loyalty (r_s = 0.507** p<0.05). The results support the findings of Parasuraman (1988) and Sureshchandar (2003). They explained that, the essence of empathy is, conveying customised services and customers are unique and special. The findings also compares well with those of Kheng *et.al.,* (2010), that stated empathy had a significant positive relationship with customer loyalty in a study of bank in Penang, Malaysia. The study findings could imply when shoe shine enterprises offer services to customers with understanding, then loyalty increases. This could imply, shoe shine

enterprises should know customers by name; give individualised attention and build relationships that reflect their personal knowledge of customer requirements and preferences to achieve repeat purchase to realise loyalty.

4.4.3 Ordinal Regression Analysis of Customer Loyalty with the Human Element of Service Delivery

The ordinal regression analysis between customer loyalty with the human element of service delivery is presented in Table 4.8.

Table 4.8   Ordinal Regression of Customer Loyalty with the Human Element Of Service Delivery

Variables	Estimate	Std. Error	Wald	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound	Sig
Threshold						
(Customer loyalty=SA)	-8.554	2.321	13.584	13.102	-4.005	0.000
(Customer loyalty=A)	-4.188	2.184	3.679	-8.468	0.092	0.055
(Customer loyalty=N)	-0.263	2.039	0.017	-4.259	3.733	0.897
Location						
(Reliability=SA)	-4.452	2.218	4.028	-8.800	-0.104	0.045
(Responsiveness=SA)	0.107	1.182	0.008	-2.210	2.424	0.928
(Assurance=SA)	-2.262	1.383	2.288	-5.496	0.972	0.170
(Empathy=SA)	-4.446	1.768	6.320	-7.912	-0.980	0.012
(Empathy=A)	-4.494	1.436	9.792	-7.308	-1.679	0.002
(Empathy=N)	-3.015	1.329	5.144	-5.621	-0.410	0.023

Model	-2Log Likelihood	Chi-square	
Intercept only	407.672		
Final	251.952	155.720	0.000

Nagelkerke R^2=0.566

Link function: Logit
Key: SA- Strongly Agree, A-Agree, N- Neutral

Source: Field Survey data, 2011

The results indicate that the customers who agreed that the shoe shine enterprises were reliable when delivering their service, had a negative effect (β=-4.452 p<0.05) on customer loyalty. The study differ from those of Kheng *et.al.,* (2010), which indicated that reliability had no effect on customer loyalty in a study of banks in Penang, Malaysia. This could imply that when the shoe shine enterprises perform the service wrong the first time then loyalty reduces. Thus the shoe shine enterprises should make sure that they perform the service right the first time to reduce the negative effect to achieve customer loyalty.

The study findings indicate that responsiveness and assurance had no effect (p>0.05) on customer loyalty. The results could imply that responsiveness and assurance aspect of the human element of service delivery had no effect on customer loyalty.

Further findings indicate that, the customers who agreed and perceived that shoe shine enterprises treated them with empathy had a negative effect (β= -4.446 p<0.05) on customer loyalty. These findings differ with those of Kheng *et.al.,* (2010) that found empathy to have a positive effect on customer loyalty in a study of banks in Penang, Malaysia. The findings could imply that the shoe shine enterprises should make friendships, pay attention, listen and be flexible in delivering what individual customers need in order to gain their trust and hence influence them to become loyal. Equally, the customers who response was neutral and perceived that the shoe shine enterprises treated them with empathy had a negative effect (β= -3.015 p<0.05) on customer loyalty. This could imply that the shoe shine enterprises should deliver their services with compassion to make their customers loyal to their enterprises.

4.4.4 Hypothesis Testing: Statistical Relationship between the Human Element of Service Delivery and Customer Loyalty.

H_{02}: There is no statistical significant relationship between the human element of service delivery and customer loyalty.

To analyze this hypothesis, Table 4.8, indicates that, -2log likelihood of the model with only intercept is 407.672 while the -2log likelihood of the model with intercept with independent variables final is 251.952. That is the difference (chi-square

statistics) is 407.672 – 251.952= 155.720 which is significant at p<0.05 shows there is an association between human element of service delivery and customer loyalty.

$$phi = \frac{155.720}{225}$$

$$= 0.692$$

$$= \sqrt{0.692}$$

$$= 0.832$$

The Phi of (0.83), refer to Table 3.8 shows that the relationship between the human element of service delivery and customer loyalty was very strong. The R^2 value of 0.566 indicates that (57%) of the variance is statistically significant in explaining customer loyalty using the predictor. In addition the square root of the R^2 ($\sqrt{0.566}$) = 0.752 refer to Table 3.7, indicates that the study model is strong fit. The Chi-square value which is significant at (p<0.05) level shows that the human element of service delivery plays a significant role in influencing customers towards shoe shine enterprises. The (95%) confidence intervals for both dependent and independent variable does not contain a zero value. Therefore the results indicate confidence (95%) that there is a significant change between the human element of service delivery and customer loyalty. Thus, the null hypothesis that there is no statistical significant relationship between the human element of service delivery and customer loyalty is rejected and the alternative hypothesis accepted and concluded that there is an association between the human element of service delivery and customer loyalty.

4.5   Examining How Systemization of Service Delivery Influences Customer Loyalty

The influence of systemisation of service delivery on customer loyalty was based on objective three. This assisted in answering whether the content of systemization of service delivery had a relationship with customer loyalty. Information in this section was based on systemisation of service delivery indicators; processes, access, directions and customer service measured on an ordinal scale.

Descriptive and inferential statistics was employed. Under descriptive statistics, analysis was by frequencies and percentages. Inferential statistics including correlation, ordinal regression analysis, Chi-square and Phi were used. Under correlation analysis Spearman's rho correlation coefficient was used to explain whether systemisation of service delivery had any relationship with customer loyalty.

Ordinal regression analysis was conducted to examine the effect of systemisation of service delivery on customer loyalty. Chi-square test to test the study hypothesis that systemization of service delivery and customer loyalty is not statistically significant. The study used Phi to measure the strength of relationship between the systemization of service delivery and customer loyalty.

For the purposes of analysis for descriptive statistics, strongly agree and agree were collapsed to indicate agreement whereas strongly disagree and disagree were collapsed to indicate disagreement.

4.5.1 Frequencies of Systemization of Service Delivery in Relation to Service Quality

The frequencies of systemization of service delivery in relation to service quality as perceived by the customers are presented in Table 4.9.

Table 4.9   Frequencies of Systemization of Service Delivery Indicators in Relation to Service Quality

Indicators of Systemization of Service Delivery	Rank	F	%
Process involved in offering the service is simplified			
	Agree	153	68
	Neutral	63	28
	Disagree	9	4
	Total	**225**	**100**
I find it easy to access the enterprises without difficulties			
	Agree	192	85
	Neutral	27	12
	Disagree	6	3
	Total	**225**	**100**
The enterprise directs me on where to sit and receive the service			
	Agree	186	83
	Neutral	30	13
	Disagree	9	4
	Total	**225**	**100**
The shoe shine enterprises offers good customer service			
	Agree	168	75
	Neutral	48	21
	Disagree	9	4
	Total	**225**	**100**

Source: Researchers Computation from Survey data, 2011

The study findings indicate that 153 (68%) of the respondents were positive that the process involved in offering the shoe shining service was simplified and indicated service quality, the neutral response represents 63 (28%) while 9 (4%) disagreed. This could mean that getting the service was not difficult to the customer because the nature of shoe shine an enterprise which makes the service easy to consume. The findings also indicate that majority of the respondents 192 (85%) were positive and admitted that it was easy to access the shoe shine enterprises without difficulties to indicate service quality, 6 (3%) were not satisfied, the neutral respondents were 27 (12%). This could imply, that the customers had no problem in accessing the shoe shine enterprises services. Equally, 186 (83%) of the respondents agreed that the shoe shine enterprises assisted them by directing them on where to sit and receive the service to indicate service quality, 9 (4%) disagreed, the neutral respondents represents 30 (13%). This could mean that the shoe shine enterprises treated the customers as the king by directing them on where to sit and receive the service.

Moreover, the findings indicate that 168 (75%) of the respondents were satisfied that the shoe shine enterprises had good customer service abilities to indicate service quality, the neutral response represented 48 (21%) while 9 (4%) were negative that the shoe shine enterprises had good customer service. Customer service is one of the key issues in entrepreneurial marketing and the shoe shine enterprises prove to observe the rules of customer service as perceived by the customers.

4.5.2 Systemization of Service Delivery and Customer Loyalty

This study shows the relationship between systemization of service delivery and customer loyalty. The Spearman's rho correlation coefficient between systemization of service delivery and customer loyalty is presented in Table 4.10.

Table 4.10 Spearman's rho Correlation Coefficient of Systemization of Service Delivery and Customer Loyalty

Systemization of Service Delivery Indicators		**Customer loyalty**
Simplified processes		
	Correlation	0.198
	P-value	0.088
Easy access		
	Correlation	1.99
	P-value	0.087
Directions		
	Correlation	0.386**
	P-value	0.001
Customer service		
	Correlation	0.606**
	P-value	0.000

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

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

Source: Field Survey data, 2011

The results indicate firstly, that systemization of service delivery indicators; simplified processes as perceived to indicate service quality by customers of shoe shine enterprises was not statistically significant with customer loyalty (p=>0.05). The study results contradict those of Sureshchandar *et. al.,* (2003), that suggested that service delivery processes should be simplified so that customers can consume and access the service without any difficulties. Secondly, the results indicate that easy access as perceived to indicate service quality by customers of shoe shine enterprises was not statistically significant with customer loyalty (p=>0.05). The study findings suggest that easy access to shoe shine enterprises had no statistical significant relationship with customer loyalty.

Thirdly, giving directions to customers was perceived by customer to indicate service quality had a positive significant relationship with customer loyalty (r_s = 0.386 p<0.05,). This could imply that because customers perceived positively they were given directions to receive services of shoe shine enterprises, they tend to be more loyal. The results support those of Sureshchandar *et. al.,* (2003) that suggest that, services should be perfectly standardized, streamlined and simplified so that customers can consume the service without encountering difficulties.

The findings also indicate that customer service had a positive significant relationship with customer loyalty (r_s = 0.606 p<0.05). The findings compare well with those of Sureshchandar *et. al.,* (2003). This could imply that the shoe shine enterprises should identify and develop strategies such communication skills, through training to be able to attract and maintain the loyal customers hence achieve retention.

4.5.3 Ordinal Regression Analysis of Customer Loyalty with Systemization of Service Delivery

The ordinal regression analysis between customer loyalty with systemisation of service delivery is presented in Table 4.11.

Table 4.11   Ordinal Regression of Customer Loyalty with Systemization of Service Delivery

Variables	Estimate	Std. Error	Wald	95% Confidence Interval		Sig
				Lower Bound	Upper Bound	
Threshold						
(Customer loyalty=SA)	-6.627	4.530	2.140	-15.506	2.251	0.143
(Customer loyalty=A)	1.666	4.394	0.144	-10.279	6.947	0.705
(Customer loyalty=N)	1.648	4.407	0.140	-6.990	10.286	0.708
Location						
(Easy access =SA)	-25.265	1.177	461.00	-27.571	-22.959	0.000
(Easy access= A)	-24.858	0.909	747.803	-26.640	-23.076	0.000
(Customer service=SA)	-6.060	1.963	28.581	-9.908	-2.212	0.002
Model	**-2log likelihood**	**Chi-square**				
Intercept only	297.940					
Final	158.398	139.542				0.000

Nagelkerke R^2=0.523

Link function: Logit
Key: SA- Strongly Agree, A-Agree, N- Neutral
Source: Field Survey data, 2011

The findings indicate, firstly, that the customers who agreed that they perceived it was easy to access the shoe shine enterprises without difficulties had a negative effect (β=-25.265 $p<0.05$) on customer loyalty. This could imply that whenever customers experiences difficulties in accessing the shoe shine enterprises, they tend to search and switch to other substitutes that are easy to access. Thus shoe shine enterprises should utmost ensure that their enterprises are easily accessed to reduce the negative effect. This can be achieved through giving directions to the customers on where to sit and receive the service making them loyal.

In addition the results show that despite the fact that customers being positive that the shoe shine enterprise practiced good customer service, they had a negative effect (β=-6.060 $p<0.05$) on customer loyalty. This could imply firstly, that the shoe shine enterprises should be smart and should focus on customers as a starting point. They

should develop strategies like communication skills by listening to what customer have to say whether right or wrong then reply having in mind that the customer is always right. In addition the shoe shine enterprises should learn the basic skills like saying welcome, thank you; which intern becomes a habit and makes it easy for the to recognize customers.

Secondly, shoe shine enterprises should promise what they can deliver and give room for customer complaints when they under deliver. This makes the customer fell important, and when they make mistakes they should be ready to apologise. Lastly the shoe shine enterprises should be ready to assist customers understand their enterprises as they seek better ways to help them.

4.5.4 Hypothesis Testing: Statistical Relationship between Systemization of Service Delivery and Customer Loyalty

H_{03}: There is no statistical significant relationship between systemization of service delivery and customer loyalty

To analyze this hypothesis, Table 4.11, indicates that, -2log likelihood of the model with only intercept is 297.940 while the -2log likelihood of the model with intercept with independent variables final is 158.542. That is the difference (Chi-square statistics) is 207.940 – 158.542 = 139.542 which is significant at $p<0.05$ shows there is an association between systemization of service delivery and customer loyalty.

$$phi = \frac{139.542}{225}$$

$$= 0.620$$

$$= \sqrt{0.692}$$

$$= 0.788$$

The Phi of (0.79), refer to Table 3.8 shows that the relationship between systemization of service delivery and customer loyalty was strong. The R^2 value of 0.523 indicates that (52%) of the variance is statistically significant in explaining customer loyalty

using the predictor. In addition the square root of the R^2 ($\sqrt{0.523}$) = 0.72 refer to Table 3.7, indicates that the study model is strong fit. The chi-square value which is significant at ($p<0.05$) level shows that systemization of service delivery plays a significant role in influencing customers towards shoe shine enterprises. The findings indicate that, the lower and upper bound for both dependent and independent variables does not contain a zero value. Thus the results indicate confidence (95%) that there is a significant change between systemization of service delivery and customer loyalty. Thus, the null hypothesis that there is no statistical significant relationship between systemization of service delivery and customer loyalty is rejected and the alternative hypothesis accepted and concluded that there is a relationship between systemization of service delivery and customer loyalty.

4.6   Effect of Tangible of a Service on Customer loyalty

Assessing the effect of tangible of a service on customer loyalty was based on objective four. This assisted in answering whether the content of tangible of a service had a relationship with customer loyalty. Information in this section was based on tangible of service indicators; temperature conditions, appealing physical facilities, neatness of the shoe shiners and entertainment measured on an ordinal scale.

Descriptive and inferential statistics was employed. Under descriptive statistics, analysis was by frequencies and percentages.   Inferential statistics including correlation, ordinal regression analysis, Chi-square and Phi were used. Under correlation analysis Spearman's rho correlation coefficient was used to explain whether tangible of a service had any relationship with customer loyalty.

Ordinal regression analysis was conducted to examine the effect of tangible of a service on customer loyalty. Chi-square test was used to test the study hypothesis that tangible of a service and customer loyalty is not statistically significant.

The study used Phi was to measure how strong the relationship was between the tangible of a service and customer loyalty. For the purposes of analysis for descriptive

statistics, strongly agree and agree were collapsed to indicate agreement whereas strongly disagree and disagree were collapsed to indicate disagreement.

4.6.1 Frequencies of Tangible of a Service in Relation to Service Quality

The frequencies of tangible of a service in relation to service quality as perceived by the customers are presented in Table 4.12.

Table 4.12   Frequencies of Tangible of a Service Indicators in Relation to Service Quality

Indicators of Tangible of a Service	Rank	F	%
The ambient conditions such as temperature pleases me			
	Agree	42	19
	Disagree	183	81
	Total	**225**	**100**
The physical facilities at the shoe shine enterprises are visually appealing			
	Agree	57	25
	Disagree	168	75
	Total	**225**	**100**
The shoe shine enterprise is neat and has professional appearance			
	Agree	81	26
	Disagree	144	64
	Total	**225**	**100**
The shoe shine enterprise provides entertainment materials like newspaper, music			
	Agree	48	21
	Neutral	3	1
	Disagree	174	78
	Total	**225**	**100**

Source: Researchers Computation from Survey data, 2011

The findings indicate that majority of the respondents 183 (81%) perceived negatively that the temperature conditions where they received the service pleased them to indicate service quality, 42 (19%) agreed. This could imply firstly, that owing to the nature of the shoe shine enterprises in the open affected the customers especially during rainy and hot seasons. Secondly, the negative perception by customers on the odour of the shoe shiner could imply the shoe shine enterprises were not hygienically clean, produced bad smell as a result of sweating because of their enterprises are open and were exposed to direct sun, dust, rain along their daily routine activities.

Moreover, majority 168 (75%) of the respondents were negative on the appealing physical facilities at the shoe shine enterprise to indicate service quality, while 57 (25%) agreed. This could imply that customers did not appreciate the physical facilities including sits, brushes, buckets used in delivering the service to them.

The results indicate professional and neatness of the shoe shine enterprises had 144 (64%) negative response to indicate service quality while, 81 (26%) of the respondents were positive. This could imply, firstly, that shoe shine enterprises were dirty and did not observe personal cleanliness. Secondly, this could also imply that customers perceive shoe shine enterprise appear not to be professionals in appearance.

Lastly, 174 (78%) respondents were negative that the shoe shine enterprises provided them with entertainment materials like music and newspapers, the neutral response constitute of 3 (1%) while 48 (21%) were positive. This could imply the customers were bored and did not appreciate they were not given entertainment materials such newspapers, music as they could have expected to indicate service quality.

4.6.2 Tangible of a Service and Customer Loyalty

This study shows the relationship between tangible of a service and customer loyalty. The Spearman's rho correlation coefficient between tangible of a service and dependent variable is presented in Table 4.13.

Table 4.13   **Spearman's rho Correlation Coefficient of Tangible of a Service and Customer Loyalty**

Tangible of a Service Indicators		**Customer loyalty**
Temperature conditions		
	Correlation	-0.465**
	P-value	0.000
Appealing physical facilities		
	Correlation	0.539**
	P-value	0.000
Appealing materials		
	Correlation	0.401**
	P-value	0.000
Neatness of the shoe shiner		
	Correlation	0.565**
	P-value	0.000
Entertainment		
	Correlation	0.433**
	P-value	0.000

** Denotes Correlation is significant at the 0.01 level (2-tailed).
* Denotes Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey data, 2011

The results show that tangible of a service indicators; temperature conditions, had a significant negative relationship with customer loyalty (r_s = -0.465 $p<0.05$). The study results compare with those of Sureshchandar *et. al.,* (2003), Patrick e*t .al.,* (2002) that observed that the atmospheric conditions such as temperature created a move that is perceived and interpreted by customers. The results could imply that as temperature conditions increase then customer loyalty decreases. Equally the appealing physical facilities aspect had a positive significant relationship with customer loyalty (r_s = 0.539 $p<0.05$). The study confirms those of Parasuraman (1988) and Sureshchandar *et. al.,* (2003). This could imply that when the physical facilities are appealing the loyalty increase. In addition the visually appealing materials associated with the service had a positive significant relationship with customer loyalty (r_s = 0.401 $p<0.05$). The study findings could imply that when customers perceive positively visual materials associated with shoe shine enterprises they become more loyal. Equally, Neatness and professionalism of the shoe shiner had a significant positive relationship with customer loyalty (r_s = 0.565 $p<0.05$). This could imply that when

shoe shine enterprises presented them professionally and being neat physically, customers tend to be loyal.

Further entertainment materials like music and newspapers had a positive significant relationship with customer loyalty ($r_s = 0.433$, p<0.05). The findings support those of Wirtz (2007) and Oakes (2000) that suggest music can have a powerful effect on the perceptions and behaviours even if played at barely audible volumes. Music can be used to deter the wrong type of customer. Thus shoe shine enterprises should entertain their customers by offering them newspapers, music to realise repeat purchase.

4.6.3   Ordinal Regression Analysis of Customer Loyalty with Tangible of a Service

This study shows that there is an association between tangible of a service and customer loyalty. The ordinal regression analysis between customer loyalty with tangible of a service is presented in Table 4.14.

Table 4.14   Ordinal Regression of Customer Loyalty Variable with Tangible of Service

Variables	Estimate	Std. Error	Wald	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound	Sig
Threshold						
(Customer loyalty=SA)	-7.510	1.563	23.073	-9.279	-5.741	0.000
(Customer loyalty=A)	-0.832	0.663	1.574	-1.582	-0.082	0.030
(Customer loyalty=N)	3.170	0.976	10.546	2.065	4.274	0.000
Location						
(Attractive equipments=N)	-3.854	1.774	4.718	-5.862	-1.862	0.030
(Appealing physical facilities=SA)	-6.440	3.196	4.059	-10.056	-2.823	0.044
(Appealing physical facilities=A)	-4.281	2.059	4.322	-8.245	-1.245	0.038
(Appealing materials=N)	-5.407	2.117	6.525	-9.556	-1.676	0.011

Model	-2 Log Likelihood	Chi-square	
Intercept only	442.520		
Final	238.115	204.405	0.000

Nagelkerke R^2=0.676
Link function: Logit
Key: SA- Strongly Agree, A-Agree, N- Neutral
  Source: Field Survey data, 2011

The results indicate, firstly, that the customers of shoe shine enterprises who were neutral in their response whether the shoe shine enterprises used attractive equipments when offering services, had a negative effect (β=-3.854 p<0.05) on customer loyalty. This could mean that the shoe shine enterprises equipments used in delivering the service did not please the customers thus had a negative effect on loyalty. The shoe shine enterprises should use appealing equipments for example use colourful buckets and slippers when delivering their services to avoid the negative attitude that the customer have on their equipments. Secondly, the results indicate that the respondents who agreed that the shoe shine enterprises physical facilities were appealing had a negative effect (β=-6.440 p<0.05) on customer loyalty. This could mean that the customers were not satisfied with the physical facilities associated with the service despite the fact that they were loyal. Thus the shoe shine enterprise should work on the physical facilities associated with the service to prevent the negative attitude by the customers towards their enterprises. Thirdly, the customers who were neutral on the appealing materials used by the shoe shine enterprises had a negative effect (β=-5.407 p<0.05) on customer loyalty. This could suggest that shoe enterprises should use appealing materials for example the cloths they use to wipe shoes before applying polish should be colourful to attract new customer and retain the existing one.

4.6.4 Hypothesis Testing: Statistical Relationship between Tangible of a Service and Customer Loyalty

H_{04}: There is no statistical significant relationship between tangible of a service and customer loyalty

In order to analyze this hypothesis, Table 4.14, indicates that, -2log likelihood of the model with intercept only is 442.520 while the -2log likelihood of the model with intercept with independent variables final is 238.115. That is the difference (Chi-square statistics) is 442.520 – 238.115 = 204.405 which is significant at p<0.05 shows there is an association between tangible of a service and customer loyalty.

$$phi = \frac{204.405}{225}$$

$$= 0.908$$

$$= \sqrt{0.908}$$

$$= 0.952$$

The phi (0.95), refer to Table 3.8 shows that the relationship between tangible of a service and customer loyalty is very strong. The R^2 value of 0.676 indicates that (68%) of the variance is statistically significant in explaining customer loyalty using the predictor. In addition the square root of the R^2 ($\sqrt{0.676}$) = 0.82 refer to Table 3.7, indicates that the study model is strong fit. The chi-square value which is significant at (p<0.05) level show that tangible of a service plays a significant role in influencing customers towards shoe shine enterprises. The results show that the upper and lower bounds for both dependent and independent variables does not contain a zero value. Consequently, the results indicate confidence (95%) that there is a significant change between tangible of a service and customer loyalty. Thus, the null hypothesis that stated there is no statistical significant relationship between tangible of a service and customer loyalty is rejected and the alternative hypothesis accepted and concluded that there is a relationship between tangible of a service and customer loyalty.

4.7 Investigating the Influence of Shoe Shine enterprises Social Responsibility Practices on Customer loyalty

The influence of the shoe shine enterprises social responsibility practices on customer loyalty was based on objective five. This assisted in answering whether the content of shoe shine enterprises social responsibility practices had a relationship with customer loyalty. Information in this section was based on shoe shine enterprises social responsibility practices indicators; pricing, equal treatment, waste disposal, employment and legal requirements measured on an ordinal scale. Descriptive and inferential statistics was employed. Under descriptive statistics, analysis was by frequencies and percentages. Inferential statistics including correlation, ordinal regression, Chi-square and Phi were used. Under correlation analysis Spearman's rho correlation was used to explain whether the shoe shine enterprises social responsibility practices had any relationship with customer loyalty. Ordinal regression analysis was conducted to examine the effect of shoe shine enterprises social responsibility practices on customer loyalty. Chi-square test was used to test the study hypothesis that shoe shiners social responsibility practices and customer loyalty is not

statistically significant. Phi was used to measure how strong the relationship was between shoe shine enterprises social responsibility practices and customer loyalty. For the purposes of analysis for descriptive statistics, strongly agree and agree were collapsed to indicate agreement whereas strongly disagree and disagree were collapsed to indicate disagreement.

4.7.1 Frequencies of Shoe Shine Enterprises Social Responsibility Practices in Relation to Service Quality

The frequencies of shoe shine enterprises social responsibility practices in relation to service quality as perceived by the customers are presented in Table 4.15.

Table 4.15   Frequencies of Shoe Shine Enterprises Social Responsibility Practices in Relation to Service Quality

Indicators of Social Responsibility Practices	Rank	F	%
The shoe shine enterprise offers me good quality service at a reasonable price			
	Agree	190	84
	Neutral	14	6
	Disagree	21	9
	Total	**225**	**100**
The shoe shine enterprise treats me equally with other customers			
	Agree	174	77
	Neutral	36	16
	Disagree	15	7
	Total	**225**	**100**
Shoe shine enterprise takes care of the environment by not disposing waste anywhere			
	Agree	60	27
	Neutral	12	5
	Disagree	153	68
	Total	**225**	**100**
The shoe shine enterprise is a source of employment to members of the community			
	Agree	180	80
	Neutral	30	13
	Disagree	15	7
	Total	**225**	**100**
The shoe shine enterprise has complied with all relevant legal requirements			
	Agree	58	26
	Neutral	3	1
	Disagree	164	73
	Total	**225**	**100**

Source: Researchers Computation from Survey data, 2011

The findings indicate that, 190 (84%) of the respondents perceived that shoe shine enterprises offered them good quality services at a reasonable price, the neutral response constitute of 14 (6%) while 21 (9%) disagreed. The results could mean that the customers were satisfied with the quality of service received and reasonable pricing charged by shoe shine enterprises. The findings further indicate that, 174 (77%) of the respondents agreed that the shoe shine enterprises treated them equally with other customers to indicate service quality, only 15 (7%) disagreed on this statement, while 36 (16%) were neutral. This could mean that the shoe shine enterprise treated their customers equally with fairness. The results indicate that, 153 (68%) of the respondents perceived negatively that the shoe shine enterprises did not dispose their waste as required, 12 (5%) were neutral while 60 (27%) were positive. This could imply that the shoe shine enterprises had no proper way of disposing their wastes making the customers feel dissatisfied.

In addition, 180 (80%) of the respondents of shoe shine enterprises were positive that the shoe shine enterprises was a source of employment to the members of the community, the negative response was 30 (13%) while 15 (7%) disagreed that the enterprises was a source of employment. This indicated that shoe shine enterprises are a source of livelihood to members of the community as perceived by the customers. Lastly, 164 (73%) of the respondents of shoe shine enterprises perceived that the shoe shine enterprises had not complied with the relevant legal requirements to indicate service quality for example licensed enterprises. The neutral were 3 (1%) while 58 (26%) agreed. This could mean that the customers perceived that shoe shine enterprises had not complied with the relevant legal requirements.

4.7.2 Shoe Shine Enterprises Social Responsibility Practices and Customer Loyalty

The study findings show the relationship between shoe shine enterprises social responsibility practices and customer loyalty. The Spearman's rho correlation coefficient between shoe shine enterprises social responsibility practices and customer loyalty is presented in Table 4.16.

Table 4.16   Spearman's rho Correlation Coefficient of Shoe Shine Enterprises Social Responsibility Practices and Customer Loyalty

Social Responsibility Indicators		Customer loyalty
Reasonable pricing		
	Correlation	0.489**
	P-value	0.000
Equal treatment		
	Correlation	0.337**
	P-value	0.003
Waste disposal		
	Correlation	0.390**
	P-value	0.001
Employment opportunities		
	Correlation	0.370**
	P-value	0.001
Legal requirements		
	Correlation	0.514**
	P-value	0.000

** Denotes Correlation is significant at the 0.01 level (2-tailed).
* Denotes Correlation is significant at the 0.05 level (2-tailed).
Source: Field Survey data, 2011

The results show that social responsibility indicator; reasonable pricing had a significant positive (r_s = 0.489 p=<0.05) relationship with customer loyalty. the results compare well with those of Zemke and Schaaf,(1990) whom observed that getting good service at a reasonable price, but not at the expense of quality. The study findings could imply firstly, that as price increases as a result of high quality, customer loyalty increases. Secondly, customers would wish to consume quality services at a reasonable price but not at the expense of quality. Equally, equal treatment had a significant positive relationship with customer loyalty (r_s = 0.337 p=<0.05). The study results compare well with those of Zemke and Schaaf,(1990), in a study conducted by consumer reports on non banking financials that indicated that customers concerns on service quality was; equal treatment, stemming from the belief that everyone, big or small should be treated the same. The study findings could imply firstly that when customers perceived positively they were treated equally with others they become more loyal. Secondly, customers would wish to be treated equally with other customers by not favouring others while receiving the service. Lastly the

findings could imply that the shoe shine enterprises should embrace the spirit of first come first serve to achieve the trust of their customers thus achieving repeat purchases, favourable word of mouth, referrals and finally loyalty. In addition waste disposal practices had a positive significant relationship with customer loyalty (r_s = 0.390 p<0.05). Equally, employment and legal requirement had a positive significant relationship with customer loyalty (r_s = 0.370 p<0.05, r_s = 0.514 p<0.05) respectively. These results compare well with those of Parasuraman (1988) and Sureshchandar *et. al.,* (2003).

4.7.3 Ordinal Regression Analysis of Customer Loyalty with Shoe Shine Enterprises Social Responsibility Practices

The ordinal regression analysis between customer loyalty with shoe shine enterprises social responsibility practices is presented in Table 4.17.

Table 4.17   Ordinal Regression of Customer Loyalty with Shoe Shine Enterprises Social Responsibility Practices

Variables	Estimate	Std. Error	Wald	Lower Bound	Upper Bound	Sig
				95% Confidence Interval		
Threshold						
(Customer loyalty=SA)	-3.656	4.639	0.621	-12.748	5.436	0.431
(Customer loyalty=A)	3.656	4.639	0.621	-5.436	12.748	0.431
(Customer loyalty=N)	8.105	4.760	2.899	-1.225	17.436	0.089
Location						
(Reasonable price =D)	5.239	2.489	4.428	0.360	10.118	0.035
(Waste disposal= SA)	-7.553	2.165	12.169	-11.797	-3.309	0.000
(Legal requirement= D)	-2.684	1.102	5.931	-4.844	-0.524	0.015

Model	-2 Log Likelihood		Chi-square		
Intercept only	462.332				
Final	218.624		243.708		0.000

Nagelkerke R^2=0.749
Link function: Logit
Key: SA- Strongly Agree, A-Agree, N- Neutral, D-Disagree

Source: Field Survey data, 2011

The study findings indicate that, customers of shoe shine enterprises who were negative on the quality of service offered at a reasonable price had a positive effect (β=5239 p<0.05) on customer loyalty. This could imply that if the shoe shine enterprises deliver high quality services at a reasonable price the customers become loyal. But if the quality of service is perceived to be low by the customer the loyalty reduces. Thus the shoe shine enterprise should always strive to deliver high quality service at a reasonable price at all cost to retain and attract new customers.

The results indicate that the customers who were positive that the shoe shine enterprises disposed their waste appropriately had a negative effect (β= -7.553 p<0.05) on customer loyalty. This could imply that the shoe shine enterprises involvement in environmental-oriented social responsibility activities is related to the improvement of positive image and reputation of their enterprises. This evidence suggests that shoe shine enterprises don't have environmental concern to protect the environment in order to gain a competitive advantage resulting to a negative effect on customer loyalty. Thus the shoe shine enterprises should find correct ways of disposing their waste for example they should have litter bins to dispose their waste.

The results further indicate that the shoe shine enterprises had not complied with the relevant legal requirements resulting to a negative effect (β= -2.684 p<0.05) on customer loyalty. This could mean that doing legal business gives the customer confidence to consume the service without fear. The results indicate that shoe shine enterprises had not complied with the legal requirements making the customer to be less loyal. This could make the customers fear associating with violent encounters with the law enforcement agents of the municipal council of Eldoret town.

4.7.4   Hypothesis Testing: Statistical Relationship between Shoe Shine Enterprises Social Responsibility Practices and Customer Loyalty.

H.$_{05}$ There is no statistical significant relationship between shoe shine enterprises social responsibility practices and customer loyalty.

To analyze this hypothesis, Table 4.17, shows that, -2log Likelihood of the model with only intercept is 462.332 while the -2 log likelihood of the model with intercept with independent variables final is 218.624. That is the difference 462.332 – 218.624

= 243.708 which is significant at p<0.05 shows there is an association between shoe shiners social responsibility practices and customer loyalty.

$$phi = \frac{243.708}{225}$$

$$= 1.083$$

$$= \sqrt{1.083}$$

$$= 1.04$$

The Phi of (1.04), refer to Table 3.8 shows that the relationship between shoe shine enterprises social responsibility practices and customer loyalty is very strong. The R^2 value of 0.749 indicates that (75%) of the variance is statistically significant in explaining customer loyalty using the predictor. The square root of the R^2 ($\sqrt{0.749}$) = 0.87 refer to Table 3.7, indicates the study model is strong fit. The chi-square value which is significant at (p<0.05) level shows that shoe shine enterprises social responsibility practices influence customers towards shoe shine enterprises. The (95%) confidence intervals for both dependent and independent variable does not contain a zero value. Therefore, the results indicate confidence (95%) that there is a significant change between shoe shine enterprises social responsibility practices and customer loyalty. Thus, the null hypothesis there is no statistical significant relationship between shoe shine enterprises social responsibility practices and customer loyalty is rejected and the alternative hypothesis accepted and concluded there is an association between shoe shine enterprises social responsibility practices and customer loyalty.

CHAPTER FIVE

5.0   SUMMARY   OF   FINDINGS,   CONCLUSIONS   AND
RECOMMENDATIONS

5.1   Overview

This chapter presents the summary, conclusions and recommendations of the study.

5.2   Summary

The demographic characteristics of respondents; gender, age, level of education and marital status relationship with loyalty were ascertained. The study had varied findings between variables. The demographic characteristics of the respondents showed that the majority of respondents were males 147 (65%). Most of the respondents 75 (33%) were in the age category of 15-25 years. The respondents age support those of Hee-Su and Yoon (2004). The Proportion of respondents defined as youth constituted 144 (64%). Most of the respondents 96 (43%) had a secondary level education. The study also found majority of the Respondents 141 (63%) were married. Influence of the demographic characteristics of respondents on customer loyalty: The Spearman's rho correlation coefficient between the gender and age of the respondents and customer loyalty had no statistically significant relationship ($p > 0.05$). The education level of the respondents had a negatively statistically significant relationship ($r_s = -0.392$ $p < 0.05$) with customer loyalty. There was no significant relationship between the marital status of the respondents and loyalty ($p > 0.05$). Ordinal regression analysis of respondents characteristics with customer loyalty: Effect of the demographic characteristics of respondents on customer loyalty indicated that gender and age of the customer had no effect ($p > 0.05$) on customer loyalty. The respondent who had primary education had a positive effect ($\beta = 3.150$ $p < 0.05$) on customer loyalty; those with secondary education had a positive effect ($\beta = 2.125$ $p < 0.05$) on customer loyalty. There was no effect of the respondent marital status ($p > 0.05$) on customer loyalty.

Objective One: Objective one determined the effect of core service on loyalty. The majority 135 (60%) of the respondents agreed that the service was offered by a competent person, 162 (72%) agreed that the quality of service they received was

good, 153 (68%) agreed that the process of consuming the shoe shine enterprises service was simplified, 165 (73%) agreed that they were satisfied by the time taken to consume the service and 132 (58%) agreed that the shoe shine enterprises offered convenient operating hours.

The Spearman's rho correlation coefficient between core service indicators; competency of the shoe shine enterprises, quality offered, and convenient operating hours with dependent variable had a statistically significant positive relationship ($r_s =$ 0.249** p<0.05, $r_s = 0.576**$ p<0.05 and $r_s = 0.309**$ p<0.05 respectively). The study findings compare well with those of Sureshchandar *et. al.,* (2003). The simplified procedures, offering no delays to customers had no statistically significant relationship with customer loyalty (p>0.05). The findings contradict those of Sureshchandar *et. al.,* (2003), Glaveli *et. al.,* (2006) in a study of bank service quality that indicated that speed of service delivery enhanced perception of service quality.
Ordinal regression analysis indicated that, there is an association between core service and customer loyalty. The results also indicate that, quality offered had a negative effect (β=-9.206 p<0.05) on customer loyalty. The findings also indicate that simplified procedures in consuming the service had a negative effect (β=-3.127 p<0.05) on customer loyalty.

The Chi-square statistics of 179.098, p>0.05 shows there was an association between core service and customer loyalty, consequently the null hypothesis was rejected and concluded that there is a relationship between core service and customer loyalty.
The phi effect size of (0.89), refer to Table 3.8 indicated the relationship between core service and customer loyalty was very strong.

Objective Two: Objective two examined the influence of the human element of service delivery on customer loyalty. The general perception by the respondents on the shoe shine enterprises performing the service right the first time 138 (62%) were positive, Shoe shine enterprises responds to request 138 (62%) were positive, feeling safe when consuming the service 135 (60%) positive that shoe shine enterprises giving individualised attention 144 (64%) positive.

The Spearman's rho correlation coefficient between the human element of service delivery indicators; reliability was not statistically significant with customer loyalty ($p > 0.05$). This contradicts the findings of Sureshchandar *et. al.,* (2003). Responsiveness, assurance and empathy with customer loyalty had a statistically significant positive relationship ($r_s = 0.249^{**}$ $p < 0.05$, $r_s = 0.576^{**}$ $p < 0.05$ and $r_s = 0.309^{**}$ $p < 0.05$ respectively). The results also support those of Kheng *et. al.,* (2010) that indicated that Responsiveness, assurance and empathy had a positive relationship with customer loyalty in a study of bank in Penang, Malaysia.

Ordinal regression analysis indicated that, there is an association between the human element of service delivery and customer loyalty. The results indicate that the human element of service delivery aspect, reliability, and empathy had a negative effect ($\beta = -4.452$ $p < 0.05$ $\beta = -4.446$ $p < 0.05$) on customer loyalty. The results on responsiveness and assurance had no effect on customer loyalty. The Chi-square statistics of 155.720, $p > 0.05$ indicated there was an association between human element of service delivery and customer loyalty, as a result the null hypothesis was rejected and concluded that there is a relationship between human element of service delivery and customer loyalty. The phi effect size of (0.832), refer to Table 3.8 indicated the relationship between human element of service delivery and customer loyalty was very strong.

Objective Three: Objective three examined the influence of systemisation of service delivery on customer loyalty. The general perception of the respondents on systemisation of service delivery 153 (68%) were positive that the shoe shine enterprises processes to consume the service were simplified, 192 (85%) were positive that it was easy to access the shoe shining service, 186 (83%) positive that shoe shine enterprises assisted them by directing them where to sit and receive the service while 168 (74%) of the respondents were positive toward the shoe shiners customer service. The Spearman's rho correlation coefficient between systemisation of service delivery indicators; simplified procedures and easy access was not statistically significant with customer loyalty ($p > 0.05$), giving directions and customer service with dependent variable had a statistically significant positive relationship ($r_s = 0.386^{**}$ $p < 0.05$ and $r_s = 0.806^{**}$ $p < 0.05$ respectively). The results support those of

(Sureshchandar *et. al.,* 2003) that suggest that, services should be perfectly standardized, streamlined and simplified so that customers can consume the service without encountering difficulties.

Ordinal regression analysis indicated that, there is an association between systemisation of service delivery and customer loyalty. The results indicate that easy accessing the shoe shine enterprises services without difficulties and customer service had a negative effect on customer loyalty (β=-25.265 p<0.05, β=-6.060 p<0.05) on customer loyalty. Chi-square statistics of 139.542, p>0.05 indicated there was an association between systemisation of service delivery and customer loyalty, as a result the null hypothesis was rejected and concluded that there is a relationship between systemisation of service delivery and customer loyalty. The phi effect size of (0.788), refer to Table 3.8 indicated the relationship between systemization of service delivery and customer loyalty was strong.

Objective Four: Objective four examined the effect of tangible of a service on customer loyalty. The general perception by the respondents 183 (81%) were negative that the temperature conditions and odour of the shoe shine enterprises pleased them, 168 (75%) were negative on the physical facilities of the shoe shine enterprise, 144 (64%) of the respondents were negative on the professional appearance and neatness of the shoe shiner and 174 (78%) of the respondents disagreed that the shoe shiner provided them with entertainment materials such as newspaper and music. The Spearman's rho correlation coefficient between tangible of a service indicators; odour of the shoe shiner, appealing physical facilities, appealing materials, neatness of the shoe shiner and entertainment with customer loyalty had a statistically significant positive relationship (r_s = 0.539** p<0.05, r_s = 0.401** p<0.05, r_s = 0.565** p<0.05 and r_s = 0.433** p<0.05 respectively). Temperature conditions had a negative (r_s = -0.465** p<0.05) statistical relationship with customer loyalty. Ordinal regression analysis indicated that, there is an association between tangible of a service and customer loyalty. The results indicate tangible of a service indicators; attractive equipments, appealing physical facilities and appealing materials had a negative effect on customer loyalty (β=-3.854 p<0.05, β=-6.440 p<0.05, β=-4.281 p<0, β=--5.407

p<0) on customer loyalty. Chi-square statistics of 204.405, p>0.05 indicated there was an association between tangible of a service and customer loyalty, thus the null hypothesis was rejected and concluded there is a relationship between tangible of a service and customer loyalty. The phi effect size of (0.908), refer to Table 3.8 shows the relationship between tangible of a service and customer loyalty was strong.

Objective Five: Objective five investigated the influence of shoe shine enterprises social responsibility practices on customer loyalty. The general perception by the respondents 190 (84%) was positive that the shoe shine enterprises offered them good quality services at a reasonable price. 174 (77%) were positive that they were treated equally with other respondents, 153 (68%) of the respondents were negative on waste disposal methods taken by the shoe shine enterprises, majority 180 (80%) of the respondents were positive that shoe shine enterprises was a source of employment to members of the community and 164 (73%) were negative that the shoe shine enterprises had complied with the relevant legal requirements. The Spearman's rho correlation coefficient between the shoe shine enterprises' social responsibility practices indicators; equal treatment, waste disposal, employment opportunities and legal requirements with customer loyalty had a statistically significant positive relationship (r_s = 0.489** p<0.05, r_s = 0.337** p<0.05, r_s = 0.390** p<0.05, r_s = 0.370** p<0.05 and r_s = 0.433** p<0.05 respectively). The results support those of (Sureshchandar *et. al.,* 2003) Ordinal regression analysis indicated that, there is an association between shoe shine enterprises social responsibility practices and customer loyalty. The study findings also indicate that the quality of service offered at a reasonable price had a positive effect (β=5239 p<0.05) on customer loyalty. The shoe shine enterprises waste disposal practices had a negative effect (β= -7.553 p<0.05) on customer loyalty. Further, the findings indicate that shoe shine enterprises had not complied with the relevant legal requirements resulting to a negative effect (β= -2.684 p<0.05) on customer loyalty. Chi-square statistics of 243.708, p>0.05 indicated there was an association between shoe shine enterprises social responsibility practices and customer loyalty, as a result the null hypothesis was rejected and concluded that there is a relationship between shoe shine enterprises social responsibility practices and customer loyalty. The effect size of (0.104), refer to Table

3.8 indicated the relationship between shoe shine enterprises social responsibility practices and customer loyalty was very strong.

Table 5.1   Summary of Hypothesis   Tested

Null hypothesis	Test	P-value	Can H_0 be rejected?
H_{01} There is no statistical significant relationship between the core service and customer loyalty	Chi-square	0.000	Yes
H_{02} There is no statistical significant relationship between human element of service delivery and customer loyalty	Chi-square	0.000	Yes
H_{03} There is no statistical significant relationship between systemization of service delivery and customer loyalty	Chi-square	0.000	Yes
H_{04} There is no statistical significant relationship between tangible of a service and customer loyalty	Chi-square	0.000	Yes
H_{05} There is no statistical significant relationship between shoe shiners social responsibility practices and customer loyalty	Chi-square	0.000	Yes

Source: Field Survey data, 2011

5.3   Conclusions

The SERVQUAL measurement indicates that performance exceeded expectations for all service quality indicators surveyed in shoe shine enterprises on three aspects namely: The core service, the human element of service delivery and systemization of service delivery. The study show that customers consider tangible of a service and shoe shine enterprises social responsibility practices as the most critical indicators of their perception of service quality. The findings show that shoe shine enterprises still need to improve on the other aspects of tangible of a service and their social responsibility practices.

5.4   Recommendations

Basing on the conclusions of this study, it is recommended that the government provide infrastructure for shoe shine enterprises in Eldoret town and in Kenya as a whole, which continue to act as a constraint to the growth of the sector. The shoe shine enterprises should construct and design modern shoe shine enterprises to improve the tangible of a service facet making their customers to be satisfied.

The shoe shine enterprises should embrace social responsibility given that it could substantially enhance customer acceptance and by extension loyalty. The study recommends the integration of social responsibility practices into relevant training for shoe shine enterprises. Ethical aspects, personal responsibility towards society, and awareness of social and environmental issues can be imparted through the appropriate education system. The Kenyan government should provide an enabling business environment that facilitates the integration of social responsibility in the operation of shoe shine enterprises.

5.5   Direction for Further Research

This study investigated customer perceived service quality on loyalty in the shoe shine enterprises in Eldoret town Kenya. It is however, worth noting that customer loyalty constraints could be diverse.

1. Future research could examine additional factors such as technology and information seeking behaviour of customers on the perception of service quality on the implementation of policies tailored to the development of service enterprises.
2. The role of entrepreneurial competencies in delivering quality services, need to be examined, especially with regard to the type of training and skills the shoe shine enterprises require and how they could be imparted to satisfy customers.
3. Further studies need to examine the effect of demographic and social economic factors such as occupational groups, religion and income levels on the perception and expectations of service quality in all types of service enterprises.

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APPENDICES

APPENDIX I :   **LETTER TO RESPONDENTS**

Nebert Kipchirchir Matelong,

P.o. Box 3900,

Eldoret.

Dear Respondent,

My name is Nebert Kipchirchir Matelong a student of Moi University, School of Human Resource Development undertaking my Masters degree in Entrepreneurship Studies. I am undertaking a research on service quality and your assistance will be highly appreciated. Any information you provide will be kept confidential and will only be used for academic purposes.

Thank you in advance.

Nebert Kipchirchir Matelong.

APPENDIX II: QUESTIONNAIRE SECTION

Number.

Code:

Instructions: This is not a test. The researcher has identified you as one of the respondents for this study entitled *'Customer Perceived Service Quality on Loyalty in The Shoe Shine Enterprises in Eldoret Town Kenya'.* Please be honest when answering the questions. Fill or tick where appropriate. Your responses will be treated in strict confidentiality and used only for the purpose of this research**.**

Thank you

Section A

This part contains questions on your background information. Please tick (√) and indicate your appropriate response in the spaces provided.

1.	What is your Gender? Male ( ) Female ( )
2.	What is your age in Years? _____
3.	What is your highest level of Education? _____
4.	What is your marital Status? Married ( ) Single ( )

Section B

The following are indicators of Service Quality. Please tick (√) in the appropriate box

for the relevant rating of your perception.

Questionnaires for Customers

"Title of the study:" Customer Perceived Service Quality on Customer loyalty in the

Shoe Shine Enterprises in Eldoret town, Kenya.

Key: SD- Strongly disagree, D- Disagree, N- Neutral, A- Agree, SA- Strongly

agree

Part 1: Core Service

This part contains questions on your perception to the service offered to you by the

shoe shine enterprises. Please respond as appropriate

No.	Core Service	SD	D	N	A	SA
(i)	The shoe shining service is offered by a competent person					
(ii)	The shoe shining service offered to me is of good quality					
(iii)	The procedures used in offering the shoe shining services to me are simplified					
(iv)	The shoe shiner offers me no delays when offering shoe shine services					
(v)	Shoe shiner offers convenient operating hours and days to me (for example; working on Saturdays and Sundays, extended service hours during evenings, weekends)					

Part 2: Human Element of Service Delivery

This part contains questions on your perception of the shoe shine enterprises

behaviour. Please respond as appropriate

No.	Human Element of Service Delivery	SD	D	N	A	SA
(i)	The shoe shiner performs the service to me right the first time					
(ii)	The shoe shiner is never too busy to respond to my request					
(iii)	I feel safe and secure when shining my shoes					
(iv)	The shoe shiner gives me individualised attention					

Part 3: Systemization of Service Delivery

This part contains questions on your perception of processes involved in consuming

the shoe shine enterprises services. Please respond as appropriate

No.	Systematization of Service Delivery	SD	D	N	A	SA
(i)	The processes involved in offering the shoe shining service to me is quite simplified					
(ii)	I find it easy to access the shoe shining service without difficulties					
(iii)	The shoe shiner assists by directing me on where to sit and receive the service					
(v)	The shoe shiner offers good customer service					

Part 4: Tangible of Service

This part contains questions on your perception of the physical environment of the shoe shine enterprises where you receive the shoe shining service. Please respond as appropriate

No.	Tangible of Service	SD	D	N	A	SA
(i)	The ambient conditions such as temperature and ventilation pleases me					
(ii)	The physical facilities at the shoe shiner are visually appealing					
(iii)	The shoe shiner is neat and has professional appearance					
(iv)	The shoe shiner provides entertainment materials like newspapers, music.					

Part 5: Shoe Shine Enterprises Social Responsibility Practices

This part contains questions on your perception of the shoe shine enterprises practices in terms of taking care of the environment, and compliance to the law. Please respond as appropriate

No.	Social Responsibility Practices	SD	D	N	A	SA
(i)	The shoe shiner offers me good quality service at a reasonable price					
(ii)	The shoe shiner treats me equally with other customers					
(iii)	The shoe shiner takes care of the environment by not disposing waste anywhere					
(iv)	The shoe shining is a source of employment to members of the community					
(v)	The shoe shiner has complied with all relevant legal requirements (Registered and licensed by the Municipal Council of Eldoret).					

Section C

Customer Loyalty

This part contains questions on your attitude and behavior towards the shoe shine enterprises. Please respond as appropriate

No.	Customer Loyalty	SD	D	N	A	SA
(i)	I say positive things about the shoe shiner					
(ii)	I recommend the shoe shiner to someone who seeks my advice					
(iii)	I consider the shoe shiner my first choice in the next few years					
(iv)	I am likely to pay a little more for consuming shoe shine services at this shoe shiner					
(v)	I like switching from one shoe shiner to another					

Any other comments please --

I sincerely appreciate your time and cooperation. Please check to make sure that you

have not skipped any questions accidentally. Thank you!

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REPUBLIC OF KENYA

NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Telegrams:"SCIENCETECH", Nairobi
Telephone: 254-020-241349, 2213102
254-020-310571, 2213123.
Fax: 254-020-2213215, 318245, 318249
When replying please quote

P.O. Box 30623-00100
NAIROBI-KENYA
Website: www.ncst.go.ke

Our Ref: **NCST/RRI/12/1/SS-011/1558/4**

Date:
21st November, 2011

Nerbert Kipchirchir Matelong
Moi University
P. O. Box 3900
ELDORET

RECEIVED

2 2 NOV 2011

Received by

2 5 NOV 2011

Time: 11:20am

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on
"*Customer perceived service quality on customer loyalty in the shoe
shine enterprises in Eldoret Town Kenya*" I am pleased to inform you
that you have been authorized to undertake research **in Uasi Gishu
district** for a period ending *30th April 2012.*

You are advised to report to **the Town Clerk, Eldoret Municipal
Council & the District Commissioner Uasin Gishu District** before
embarking on the research project.

On completion of the research, you are expected to submit **one hard
copy and one soft copy** of the research report/thesis to our office.

P. N. NYAKUNDI
FOR: SECRETARY/CEO

Copy to:
The District Commissioner
Uasin Gishu District

The Town Clerk
Eldoret Municipal Council

Authority given
to carry out the
research on the
said area.
MUNICIPAL COUNCIL OF ELDORET
TOWN CLERK 25/11/2011
P. O. Box 40
ELDORET

District Commissioner
Eldoret

...ty is granted
23rd NOV 2011

APPENDIX III: RESEARCH PERMIT

APPENDIX IV: ELDORET MUNICIPALITY, KENYA
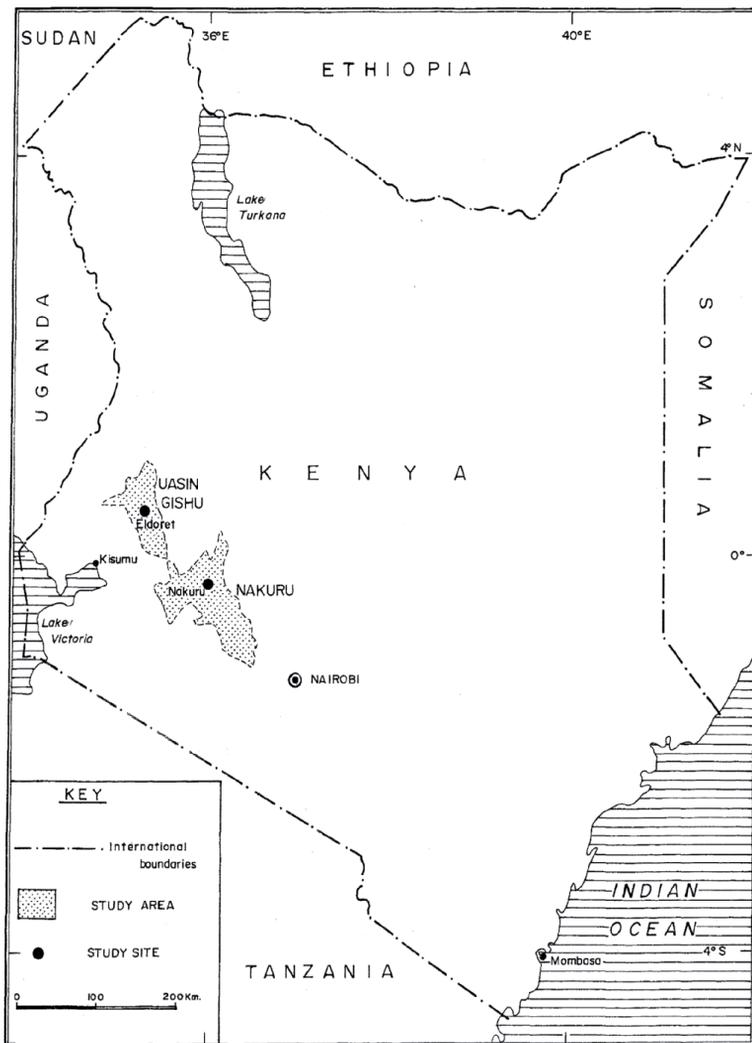
APPENDIX V: THE LOCATION OF UASIN GISHU COUNTY, KENYA
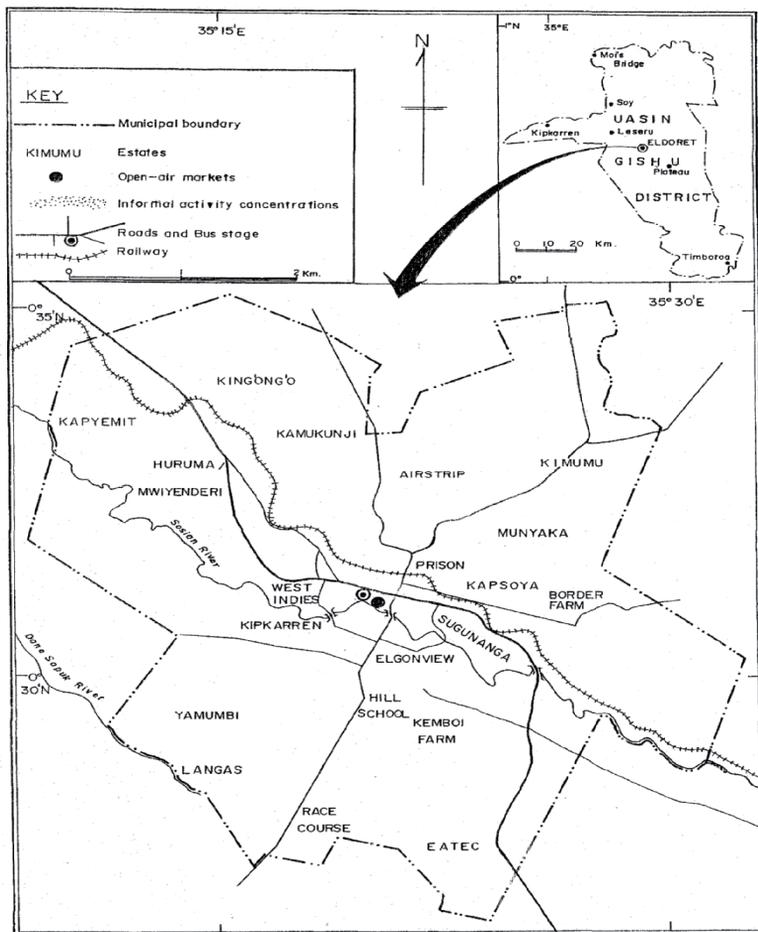
APPENDIX VI: FACTOR ANALYSIS OF VARIABLES

Constructs	F1	F2	F3	F4	F5	F6
Core service						
The shoe shining service is offered by a competent person	.737					
The shoe shining offered to me is of good quality.	.728					
The procedures used in offering the shoe shining services to me are quite simplified	.747					
The shoe shiner offers me no delays when offering shoe shine services	.777					
The shoe shiner offers convenient operating hours and days to me (e.g. working on weekends, extended hours)	.763					
Human Element Of Service Delivery						
The shoe shiner performs the service to me right the first time		.817				
The shoe shiner is never too busy to respond to my request		.770				
I feel safe and secure when shining my shoes		.772				
The shoe shiner gives me individualized attention		.707				
Tangibles Of Service						
The ambient conditions such temperature, ventilation, noise and odour of the shoe shiner pleases me			.625			
The shoe shiner has additional equipment that attracts me			.883			
The physical facilities at the shoe shiner are visually appealing			.747			
Materials associated with the service are visually appealing			.798			
The shoe shiner is neat and has professional appearance			.838			
The shoe shiner provides entertainment materials like newspaper, music.			.703			
Systemization Of Service Delivery						
The process involved in offering the shoe shining service to me is quite simplified				.743		
I find it easy to access the shoe shining service without difficulties				.782		
The shoe shiner assists by directing me on where to sit and receive the service				.742		
The shoe shiner offers good customer service				.629		
Social Responsibility						
The shoe shiner offers me good quality service					.817	

at a reasonable price						
The shoe shiner treats me equally with other customers				.754		
The shoe shiner takes care of the environment by not pouring dirty water anywhere and by not throwing litter anywhere				.748		
The shoe shining is a source of employment to members of the community				.737		
The shoe shiner has complied with all relevant legal requirements (Registered and licensed by the municipal council of Eldoret).				.696		
Customer loyalty						
I say positive things about the shoe shiner						.768
I recommend the shoe shiner to someone who seeks my advice.						.777
I consider the shoe shiner my first choice in the next few years						.695
I am likely to pay a little more for consuming shoe shine services at this shoe shiner						.707
I like switching from one shoe shiner to another						.829
Reliability Coefficient (Cronbach Alpha)	0.703	0.693	0.874	0.692	0.680	0.739

Source: Researcher 2011