



# SERVICE QUALITY

**Hindrance to success of tourism businesses  
Owned by indigenous Kenyans**

**Mary Ragui, Roselyn Gakure, Anthony Waititu, and Paul Katuse**

## Full Length Research

# Service quality - Hindrance to success of tourism businesses owned by indigenous Kenyans

Mary Ragui, Roselyn Gakure, Anthony Waititu, and Paul Katuse

Jomo Kenyatta University of Agriculture and Technology (JKUAT), Nairobi CBD Centre, Box 62000 00200, Nairobi, Kenya

Accepted 1<sup>st</sup> March, 2013

Though there are many factors that could be hindering success of tourism businesses owned by indigenous Kenyans, this paper takes a critical look at service quality as a main factor. It is anchored on a research carried out in Kenya on factors hindering success of tourism businesses owned by indigenous Kenyans in the tourism industry. From empirical review, implementation of the foreign direct investment policy in Kenya attracted many investors particularly as tour operators. This brought about heavy competition in the industry as the investors are able to tap international tourists from their home countries thus dominating the market. The literature also informs that foreign operators get high profits than local operators for example in the year 2007, they earned an aggregate profit of 78 % as compared to 22% earned by the local operators. The research took a descriptive research design. Stratified sampling was carried out and 104 tour operators were sampled as respondents. Questionnaire was used to collect data. SPSS was used as a statistical tool for analysis for this study. The five dimensions of service quality were analysed as derived from SERVQUAL model: Reliability, Assurance, Tangibility, Empathy and Responsiveness. Service Quality was found to explain success of tourism businesses owned by indigenous Kenyans by 83.2%. A unit change on service quality could also lead to positive change of 0.929 on success. Reliability and Tangibility were found to be the main drivers of success. Recommendation to enhance reliability and tangibility dimensions were raised.

**Key words:** Service quality, tourism, success, Kenya.

## INTRODUCTION

This paper concentrates on the effects of Service Quality as one of the identified independent variables to success of tour businesses owned by indigenous Kenyans in the tourism industry. It is anchored on a research carried out in Nairobi, Kenya on Factors Hindering Success of Tour Businesses Owned by Indigenous Kenyans.

Tourism industry is the third largest contributor of the gross domestic product and foreign exchange earner. It also has the highest multiplier effect owing to its wide variety of tourist services and activities from several stakeholders. It is one of the focused industries to sustainability of Kenya's economy and fulfillment of Vision 2030. This is expected through local employment, local purchases, earning of foreign exchange and general stirring of the local economy through infrastructure.

From empirical review, implementation of the foreign direct investment (FDI) policy in Kenya attracted many

investors particularly as tour operators. This brought about heavy competition in the industry, as the investors are able to tap international tourists from their home countries thus dominating the market. The literature also informs that foreign operators get high profits than local operators for example in the year 2007, they earned an aggregate profit of 78 % as compared to 22% earned by the local operators (UNCTAD, 2008).

Though FDI is encouraged, the local tour operators are expected to drive the economy in the tourism sector as they are the primary beneficiaries unlike the foreigners who can easily move to other countries if necessary. If the local tour operators in Kenya will not succeed in the business, it will mean giving up and thus loss of employment to many. It will also mean domination of the industry to the foreigners' thus less foreign exchange in the country as they retain the profits abroad (Sinclair,

**Table 1:** Service Quality - Reliability

Item	Poor	Average	Neutral	Good	Excellent	Mean
Ability to perform the promised service dependably and accurately	0%	0.8%	3%	36.5%	59.7%	4.55
Handling customers' service problems	0%	0.8%	5.6%	43.6%	50%	4.43
Providing services right first time	0%	1.3%	3.8%	36.4%	58.5%	4.52
Providing services at promised time	0%	2.6%	0%	33%	64.4%	4.59
Maintaining error free records	0%	9.3%	8.1%	46.2%	36.4%	4.10
Average	0.0%	3.0%	4.1%	39.1%	53.8%	

1990). The supply chain in the industry will also suffer because of foreign purchases for the industry. Domination might also lead to degradation and depletion of resources as the foreigners may not have same interest on the same as the local Kenyans (Sinclair, 1990).

The study investigated the role of service quality towards success of the tourism businesses owned by indigenous Kenyans. The study concentrated on five dimensions as highlighted by SERVQUAL model by Parasuraman, Zeithaml, and Berry (1985). These includes: Reliability in terms of dependability and accurate performance; Assurance as competence, courtesy, credibility and security; Tangibility in terms of appearance of physical elements; Empathy as easy access, good communications and customer understanding; and Responsiveness as promptness and helpfulness to customers. The hypothesis tested were: 1) Null Hypothesis ( $H_0$ ): Service Quality does not hinder success of tour businesses owned by indigenous Kenyans in the tourism industry. 2) Alternative Hypothesis ( $H_A$ ): Service Quality hinder success of tour businesses owned by indigenous Kenyans in the tourism industry.

## MATERIALS AND METHODS

The research design used was descriptive survey design that involves large numbers of persons, and describes population characteristics by the selection of unbiased sample. It involves using questionnaires and generalizing the results of the sample to the population from which it is drawn. Descriptive survey design is flexible enough to provide opportunity for considering different aspects of a problem under study (Creswell, 2003).

This research used probabilistic techniques, specifically stratified sampling. Creswell (2008); and Gall, Gall and Borg (2007) highlights that stratified sampling is used when the population has different characteristics thus to ensure that all get equal chances, the population is subdivided into strata before using simple random sampling to get a sample from each stratum. In this research, the population was divided into six categories based on their gross annual turnover following the Kenya Association of Tour Operators (KATO's) classification.

From the 104 hand-delivered questionnaires, 83 were successfully collected from the recipients having been

filled out. The total response rate was thus 79.86%. Qualitative data's content was analysed on its themes derived from the specific objectives. The data was operationalised quantitatively for further analysis. Both descriptive and inferential statistics were used to analyse and describe the data. The Statistical Package of Social Sciences (SPSS) version 16 was used as a statistical tool for analysis for this study. Normality tests, multicollinearity test, exploratory factor analysis, and linear regression tests were carried out.

## RESEARCH FINDINGS AND DISCUSSIONS

The study concentrated on five dimensions as highlighted by the PZB model also referred to as SERVQUAL model by Parasuraman, Zeithaml, and Berry (1985). These includes: Reliability in terms of dependability and accurate performance; Assurance as competence, courtesy, credibility and security; Tangibility in terms of appearance of physical elements; Empathy as easy access, good communications and customer understanding; and Responsiveness as promptness and helpfulness to customers.

### Reliability dimension of service quality

On reliability, as indicated on table 1, respondents were to rate the following:

- 1) Ability to perform the promised service dependably and accurately;
- 2) Handling customers' service problems;
- 3) Providing services right first time;
- 4) Providing services at promised time; and
- 5) Maintaining error free records.

The respondents rated ability to perform the promised service dependably and accurately 59.7% excellent, 36.5% good, 3% neutral, 0.8% average, and a mean score of 4.55 where five represents excellent and one represent poor. Handling customers' service problems was rated 50% excellent, 43.6% good, 5.6% neutral, 0.8% average, and a mean score of 4.43. Providing services right first time was rated 58.5% excellent, 36.4% good, 3.8% neutral, 1.3% average, and a mean score of 4.52. Providing services at promised time was rated 64.4% excellent, 33% good, 2.6% average, and a mean score of 4.59. Maintaining error free records was rated 36.4% excellent, 46.2% good, 8.1% neutral, 9.3%

**Table 2:** Service Quality - Assurance

Item	Poor	Average	Neutral	Good	Excellent	Mean
Knowledge and courtesy of employees and their ability to inspire trust and confidence	0%	1.3%	2.5%	47%	49.2%	4.44
Making customers feel safe in their transactions	0%	0.8%	1.3%	29.7%	68.2%	4.65
Knowledgeable employees in handling customers questions	0%	2.1%	0%	36.5%	61.4%	4.57
Customers' trust on website information	3.8%	9.7%	10.2%	38.1%	38.1%	3.97
Average	1.0%	3.5%	3.5%	37.8%	54.2%	

average, and a mean score of 4.10. The average on reliability is 53.8% excellent, 39.1% good, 4.1% neutral, and 3% average.

These findings corroborate those of Millan and Esteban (2004) and Josmani (2007) on their researches in Spain and Malaysia respectively where they concluded reliability; which they looked at as providing the service within agreed time, complying with agreed premises, fast and clear information, and clear and sincere information; was a main factor of satisfaction on service in travel industry. Christiansson and Sporrek (2003) and Gefen and Devine (2001) in Sweden and USA respectively also corroborate with the findings unveiling reliability as a factor giving confidence to customers by re-assuring dependability and ultimately increasing customer loyalty and purchases.

The findings reflect self-confidence among the local operators who rated their services mostly excellent or good. This is a good indicator towards success of the tours businesses owned by indigenous Kenyans. The mean score also reflects their understanding on reliability's importance as a factor contributing to success.

#### **Assurance dimension of service quality**

The second dimension of service quality, assurance, was investigated on the following:

- 1) Knowledge and courtesy of employees and their ability to inspire trust and confidence;
- 2) Making customers feel safe in their transactions;
- 3) Knowledgeable employees in handling customers questions; and
- 4) Customers' trust on website information.

As indicated on table 2, assurance as a dimension in service quality was rated as follows in the firms owned by indigenous Kenyans: knowledge and courtesy of employees and their ability to inspire trust and confidence was rated 49.2% excellent, 47% good, 2.5% neutral, 1.3% average, and a mean score of 4.44 where five represents excellence and one represents poor. Making customers feel safe in their transactions was rated 68.2% excellent, 29.7% good, 1.3% neutral, 0.8% average, and a mean score of 4.65. Knowledgeable employees in handling customers questions was rated 61.4% excellent, 36.4% good, 2.1% average, and a mean score of 4.57. Customers' trust on website information was rated 38.1%

excellent, 38.1% good, 10.2% neutral, 9.7% average, 3.8% poor, and a mean score of 3.97. The average rating on assurance was 54.2% excellent, 37.8% good, 3.5% neutral, 3.5% average, and 1% poor. The mean of all apart from that of customer trust on website information was above 4.4.

These findings resonate those of Millan and Esteban (2004) on a study in Spain that concluded assurance; looked at as employment confidence, service provision continuously well, follow-up of clients, accuracy of employees, and time dedicated to each client; was a main factor of satisfaction on service in travel industry. Christiansson and Sporrek (2003) and Pavlou and Gefen (2002) in Sweden and USA also unveiled assurance as a factor to lower risk on clients' payments made for the service and ensure reliability. Christiansson and Sporrek (2003), Gefen and Devine (2001), Liu and Chen (2011), and Axinte (2009) in Sweden, USA, China and Romania respectively considered security very important as far as online booking is concerned and it added that it should not be compromised if the tourists are to give their personal details online.

The rating on assurance indicates commitment by firms owned by indigenous Kenyans to offer high service quality. This is however negated by the mixed reaction on customer's trust on website information, which brings about failure, as clients are not ready to give their money or engage firms they cannot trust. This can be a consequence of individual marketing and lack of affiliation to the well known corporate membership clusters and networks in the industry.

#### **Tangibility dimension of service quality**

Tangibility as the third dimension of service quality was reviewed on the following:

- 1) Modern equipments including cars and IT equipment;
- 2) Very high frequency (VHF) and high frequency (HF) radio fitted cars;
- 3) Visually and up-to-date appealing facilities;
- 4) Employees with a neat, professional appearance.

As expressed on table 3, modern equipments including cars and information equipment was rated 23.7% excellent, 50.9% good, 13.1% neutral, 12.3% average, and a mean score of 3.86 where one is poor and five is excellent. Very high frequency (VHF) and high frequency

**Table 3:** Service Quality - Tangibles

Item	Poor	Average	Neutral	Good	Excellent	Mean
Modern equipments including cars and IT equipment	0%	12.3%	13.1%	50.9%	23.7%	3.86
VHF & HF radio fitted cars	0%	15.3%	16.5%	38.5%	29.7%	3.83
Visually and up-to-date appealing facilities	0%	8.9%	21.2%	39.8%	30.1%	3.91
Employees with a neat, professional appearance	0%	3.4%	4.7%	37.7%	54.2%	4.43
Average	0.0%	10.0%	13.9%	41.7%	34.4%	

**Table 4:** Service Quality - Empathy

Item	Poor	Average	Neutral	Good	Excellent	Mean
Caring, individualized attention the firm provides its customers.	0%	2.5%	5.1%	36.9%	55.5%	4.45
Employees understanding of their customers' needs while respecting their privacy	0%	1.7%	3.8%	29.7%	64.8%	4.58
Convenient business hours	0%	4.7%	4.2%	49.6%	41.5%	4.28
Communication skills of the employees	0%	3.4%	0.4%	35.2%	61%	4.54
Average	0.0%	3.1%	3.4%	37.9%	55.7%	

(HF) radio fitted cars was rated 29.7% excellent, 38.5% good, 16.5% neutral, 15.3% average and a mean score of 3.83. Visually and up-to-date appealing facilities was rated 30.1% excellent, 39.8% good, 21.2% neutral, 8.9% average and a mean score of 3.91. Employees with a neat, professional appearance was rated 54.2% excellent, 37.7% good, 4.7% neutral, 3.4% average and a mean score of 4.43. On average, tangibles was rated 34.4% excellent, 41.7% good, 13.9% neutral and 10% average. The mean of tangibility was positive between neutral and good with the least being 3.86 and the highest 4.43.

These findings corroborates Millan and Esteban (2004) on their research in Spain which concluded tangibility; being employees confidence, service provision continuously well, follow-up of clients, accuracy of employees, and time dedicated to each client; as a main factor of satisfaction on service in travel industry. Gefen (2002) on a study in USA also concluded that customer loyalty highly depend tangibility of service quality in form of the picture of what they see and is the easiest memory to take. Siadat (2008) in Iran also reiterated that tangibility is important towards success and can be used as a tool to give competitive advantage to a firm.

Tangibility as service quality dimension looks into appearance of physical elements thus resonate the resources of the firm. The mixed reactions to the items can be because many firms owned by indigenous Kenyans do not own the resources as reflected on earlier findings. However, the findings on employees with a neat and professional appearance of the employees show the positive attitude of the local operators on the importance of tangibility as a service quality dimension, which will ultimately secure them success in their businesses.

#### **Empathy dimension of service quality**

The fourth dimension of service quality, empathy, was investigated under:

- 1) Caring, individualized attention the firm provides its customers;
- 2) Employees understanding of their customers' needs while respecting their privacy;
- 3) Convenient business hours; and
- 4) Communication skills of the employees.

Table 4 outlines the findings on caring, individualized attention the firm provides its customers as 55.5% excellent, 36.9% good, 5.1% neutral, 2.5% average, and a mean score of 4.45. Employees understanding of their customers' needs while respecting their privacy was rated 64.8% excellent, 29.7% good, 3.8% neutral, 1.7% average, and a mean score of 4.58. Convenient business hours was rated 41.5% excellent, 49.6% good, 4.2% neutral, 4.7% average, and a mean score of 4.28. Communication skills of the employees was rated 61% excellent, 35.2% good, 0.4 neutral, 3.4% average and a mean score of 4.54. On average, empathy was rated 55.7% excellent, 37.9% good, 3.4% neutral, 3.1% average and the least mean score was 4.28.

These findings corroborate with Millan and Esteban (2004) on study in Spain where they concluded empathy that they looked at areas such as: interest in solving problems to the clients, individual attention, understanding the specific needs of the client and sharing information; was a main factor of satisfaction on service in travel industry. Josmani (2007) on study in Malaysia also concluded service quality provided by travel operators particularly on experienced tour guide or manager during the tour and safety to the tourists

**Table 5:** Service Quality - Responsiveness

Item	Poor	Average	Neutral	Good	Excellent	Mean
Use of right means of communication	0%	2.1%	2.6%	41.1%	54.2%	4.47
Keeping customers informed as to when services will be performed	0%	2.1%	1.3%	39.4%	57.2%	4.52
Prompt service to customers (less than 24 hours)	0%	5.1%	3.8%	29.2%	61.9%	4.48
Information is provided to frequently asked questions and answers	0%	3.8%	1.7%	40.7%	53.8%	4.44
Email address for queries or complaints is provided	0%	2.5%	5.1%	33.1%	59.3%	4.49
Average	0.0%	3.1%	2.9%	36.7%	57.3%	

encourages tourism. Iliancho (2007) in Sweden moreover concluded communication skills assists in helping the tourists with the tourism information and the product information more easily, which reflects on empathy in service quality. Gefen and Devine (2001) in addition concluded that customer recognition leads to increased customer loyalty.

The findings show the positive aspect of easy access, good communications and customer understanding of the local operators on their tour businesses. Being a service industry, success can only emerge from empathy by the operators towards the tourists because service is an intangible product.

#### **Responsiveness dimension of service quality**

Responsiveness as fifth and last dimension of service quality was investigated under the following:

- 1) Use of right means of communication;
- 2) Keeping customers informed as to when services will be performed;
- 3) Prompt service to customers;
- 4) Information is provided to frequently asked questions and answers; and
- 5) Email address for queries or complaints is provided.

Table 5 shows the findings as follows: use of right means of communication was rated 54.2% excellent, 41.1% good, 2.6% neutral, 2.1% average and a mean score of 4.47 where one is poor and five is excellent. Keeping customers informed as to when services will be performed was rated 57.2% excellent, 39.4% good, 1.3% neutral, 2.1% average and a mean score of 4.52. Prompt service to customers (less than 24 hours) was rated 61.9% excellent, 29.2% good, 3.8% neutral, 5.1% average and a mean score of 4.48. Provision of information to frequently asked questions and answers was rated 53.8% excellent, 40.7% good, 1.7% neutral, 3.8% average and a mean score of 4.44. Provision of email address for queries or complaints was rated 59.3% excellent, 33.1% good, 5.1% neutral, 2.5% average and a mean score of 4.49. On responsive, on average 56.6% respondents rated it excellent, 36.4% good, 2.9% neutral, and 4.1% average and the least mean score was 4.44.

The findings corroborate those of Liu and Chen (2011) in China who concluded right means of communication is key to success as it enables personalisation of response.

Iliancho (2007) and Gefen and Devine (2001) in Sweden and USA respectively found out that faster response to customers give them confidence towards the firm. Millan and Esteban (2004) in Spain also concluded responsiveness in terms of follow-up of clients, accuracy of employees, and time dedicated to each client; as a main factor of satisfaction on service in travel industry.

The findings prove that the local operators realise that customer is the king and it is their core business to communicate to them effectively and efficiently to gain a market share. The average and neutral ratings however show some firms are yet to understand the impact of service quality on their business that is service based thus intangible.

#### **Factor analysis and reliability test on service quality**

Factor analysis was carried out before analysis of the results to describe variability among the observed and check for any correlated variables with the aim of reducing data that was found redundant. Factor analysis carried out on the independent variable - service quality is as indicated on table 6. From the twenty two items analysed, all the items scored more than 0.3 which is the minimum requirement for inclusion of variables into the final model (Hair, Black and Babin, 2010, Kothari, 2004). Consequently, all the items will be included in the final model.

Reliability test was carried out on the tool to test the goodness of data. After applying the Cronbach's Coefficient Alpha test, an alpha coefficient of 0.930 was reached. Scales in the questionnaire above 0.7, the value commonly required for descriptive research, indicated satisfactory reliability (Vogt, 2007, Saunders Lewis and Thornhill, 2007, Christensen, Johnson and Turner, 2011). Based on this recommendation the service quality variable in the study questionnaire was concluded to have adequate internal consistency and was reliable for the study and its results can be used to generalize on population characteristics.

#### **Hypothesis testing on service quality**

The general objective of this study was to investigate the factors hindering success of tour businesses owned by indigenous Kenyans in the tourism industry. Service quality as one of the identified independent variable was researched on to investigate its effect on success. After

**Table 6:** Factor Analysis on Service Quality

Item	Factor rating
Ability to perform the promised service	.805
Handling customers service problems	.770
Providing services right first time	.700
Providing services at promised time	.625
Maintaining error free records	.680
Knowledge and courtesy of employees	.565
Making customers feel safe	.587
Knowledgeable employees in handling customer questions	.758
Customers trust on website information	.827
Modern equipments including cars and IT equipment	.778
VHF and HF radio fitted cars	.636
Visually and up-to-date appealing facilities	.667
Employees with a neat, professional appearance	.629
Caring, individualized attention	.703
Employees understanding of their customer needs	.554
Convenient business hours	.657
Communication skills of the employees	.534
Use of right means of communication	.608
Keeping customers informed	.626
Prompt service to customers	.719
Information provided to frequently asked questions	.778
Email address for queries	.774

**Table 7:** Model Summary – Goodness of fit

Indicator	Coefficient
R	0.912
R Square	0.832
Std. Error of the Estimate	1.723

establishment of goodness of measure of the data using factor analysis, the hypothesis on the effect of service quality on success of tour businesses owned by indigenous Kenyans was tested.

#### **Model summary on service quality variable and success of tour businesses**

The hypotheses to be tested were:

- 1) Null Hypothesis ( $H_0$ ): Service quality does not hinder success of tour businesses owned by indigenous Kenyans in the tourism industry.
- 2) Alternative Hypothesis ( $H_A$ ): Service quality hinder success of tour businesses owned by indigenous Kenyans in the tourism industry. Confidence level of 95% will be used and thus the significance or alpha level of 5%.

Table 7 shows the output for model fitness. The R coefficient of 0.912 indicated that the service quality as the independent factor had a correlation of 91.2% with the dependent variable success of tour businesses owned by indigenous Kenyans in the tourism industry. The R square also referred to coefficient of determination of 0.832 indicates that the model can explain only 83.2%

of success of tour businesses owned by indigenous Kenyans in the tourism industry while the remaining 16.8% is determined by other factors. This shows that service quality as the independent variable of this study predicts success of tour businesses owned by indigenous Kenyans in the tourism industry.

#### **Pearson correlation coefficient on service quality variable**

Correlation coefficient indicates the measure of linear relationship between two variables. Table 8 shows the Pearson correlation coefficients between the independent variable - service quality with the five items of service quality - reliability, tangibility, assurance, empathy, and responsiveness. All the items have a positive correlation with empathy and responsiveness having the highest correlation of .746. This is because they are all competing to explain the service quality.

#### **Regression coefficients on service quality and success of tour businesses**

Table 9 shows the unstandardized coefficients. The results indicate the change caused by each of the service quality's sub-variables to success tour businesses owned by indigenous Kenyans in the tourism industry. It also includes the collinearity statistics to ensure there is no multicollinearity on the sub-variables. The Variance Inflation Factor (VIF) was used to provide an index that measures how much the variance (the square of the estimate's standard deviation) of the estimated regression coefficient is increased because of collinearity. Following Kutner (2004) ten (10) was proposed to be the

**Table 8:** Pearson Correlation Coefficient - Service Quality

		Reliability	Assurance	Tangibility	Empathy	Responsiveness
Reliability	Pearson Correlation	1				
	Sig. (2-tailed)					
Assurance	Pearson Correlation	.603	1			
	Sig. (2-tailed)	.000				
Tangibility	Pearson Correlation	.483	.646	1		
	Sig. (2-tailed)	.000	.000			
Empathy	Pearson Correlation	.597	.695	.690	1	
	Sig. (2-tailed)	.000	.000	.000		
Responsiveness	Pearson Correlation	.570	.634	.649	.746	1
	Sig. (2-tailed)	.000	.000	.000	.000	

**Table 9:** Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	Reliability	-.138	.253	-.076	-.544	.587	.037	27.163
	Assurance	1.664	.312	.914	5.327	.000	.025	40.492
	Tangibility	.587	.257	.247	2.283	.023	.062	16.165
	Empathy	-1.176	.351	-.594	-3.349	.001	.023	43.245
	Responsiveness	.830	.324	.420	2.559	.011	.027	37.130
a. Dependent Variable: SUCCESS								

cut off value and further proposes that the factors should be eliminated from the model one by one from the one with the highest VIF value.

From table 9, it was found that three of the sub-variables: Assurance, Tangibility, and Empathy; that had a p-value less than the set level of significance of 0.05 for a normally distributed data. The two others with higher value were Reliability and Responsiveness. Multicollinearity was noted as all the sub-variables had a VIF value greater than 10.

Following the preceding table and Kutner (2004), Assurance was removed from the model. Another test was run with the four remaining variable. The VIF of the other sub-variables did not go below 10 though the significance of two variables - Tangibility and Responsiveness was below the p-value indicating their significance. The sub-variable with highest VIF - Empathy with 39.469 was removed from the model. After running the test with the remaining three sub-variables, the VIF dropped significantly but not below ten. The one with the highest, Responsiveness, with 25.837 was dropped from the model leaving only two variables. After running the test, the level of significance was found to be below the p-value and the VIF less than 10 for the two as shown on table 10. It was therefore concluded that Reliability and Tangibility are the most significant sub-variables of service quality to success of tourism businesses owned by indigenous Kenyans.

#### Analysis of variance on service quality and success of tour businesses

From table 11 which is the analysis of variance - ANOVA,

success of tour businesses owned by indigenous Kenyans in the tourism industry can be explained by the model to the extent of 3274.251 out of 4087.106 or 80.1% while other variables not captured by this model can explain 19.9% or 812.855 out of 4087.106 of variation on success of tour businesses owned by indigenous Kenyans in the tourism industry. A p-value of 0.00 is less than the set level of significance of 0.05 for a normally distributed data. This means that service quality is significant in explaining success of tour businesses owned by indigenous Kenyans in the tourism industry.

#### Regression analysis on service quality and success of tour businesses

Regression analysis was carried out to test the two hypotheses stated earlier:

1) Null Hypothesis ( $H_0$ ): Service Quality does not hinder success of tour businesses owned by indigenous Kenyans in the tourism industry.

2) Alternative Hypothesis ( $H_A$ ): Service Quality hinder success of tour businesses owned by indigenous Kenyans in the tourism industry. Confidence level of 95% will be used and thus the significance or alpha level of 5%. The model below which links the dependent variable – success to the independent variable - Service quality is used for the testing:-

$$Y = \alpha + \beta_{41}X_{41} + \beta_{42}X_{42} + \varepsilon$$

Where:

Y is the dependant variable – Success

$\alpha$  is the intercept

$\beta_{41}$  and  $\beta_{42}$  are the regression coefficients of reliability

Table 10: Coefficients of the Model without Collinearity

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	Reliability	.789	.162	.438	4.873	.000	.105	9.495
	Tangibility	1.115	.213	.470	5.228	.000	.105	9.495

a. Dependent Variable: SUCCESS

Table 11: Analysis of Variance - ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3274.251	2	1637.125	471.286	.000 <sup>a</sup>
	Residual	812.855	234	3.474		
	Total	4087.106 <sup>b</sup>	236			

a. Predictors: Tangibility, Reliability

b. Dependent Variable: SUCCESS

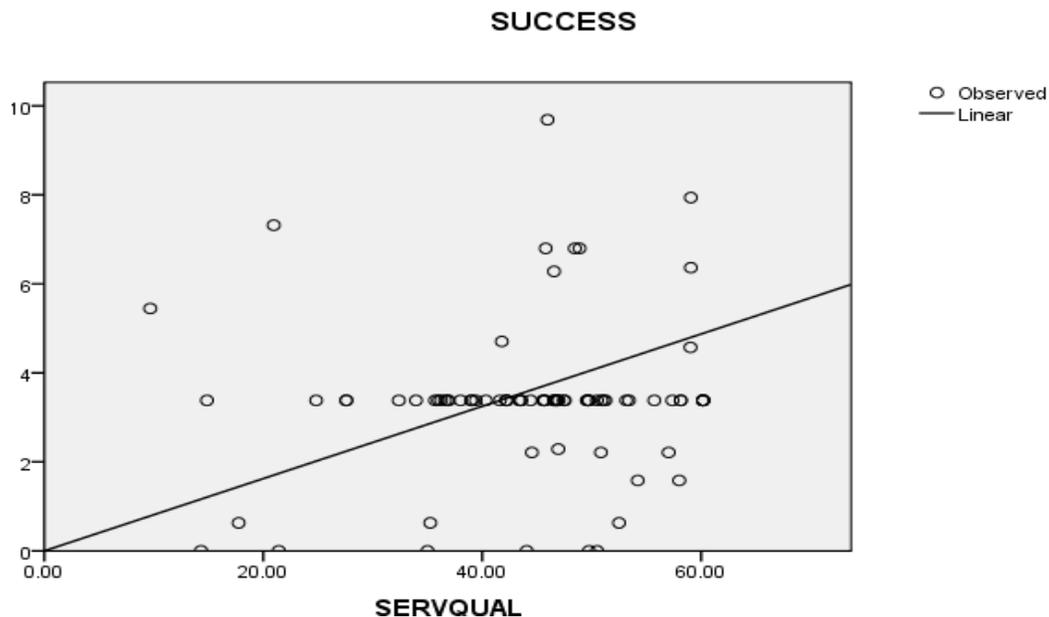


Figure 1: Service Quality's Influence on Success of Tour Businesses

and tangibility respectively

$X_{41}$  and  $X_{42}$  are the sub-variables: Reliability and Tangibility

$\epsilon$  is the Error term

From table 8,  $\beta_{41}$  and  $\beta_{42}$  are .789 and 1.115 respectively. The estimated success is achieved using the equation below:

$$Y = \alpha + 0.789X_{41} + 1.115X_{42} + \epsilon$$

As stated above,  $\alpha$  is 0.05. From table 9, the p-value is 0.000. This means that the alpha level is greater than the p-value. This led to conclusion that the null hypothesis above (Service quality does not hinder success of tour businesses owned by indigenous Kenyans in the tourism industry) should be rejected. It was concluded that

service quality particularly: the Reliability in terms of dependability and accurate performance; and Tangibility in terms of appearance of physical elements; is an important factor to the success of tour businesses owned by indigenous Kenyans in the tourism industry.

### CONCLUSIONS AND RECOMMENDATIONS

From the findings of this study, service quality was found to explain 83.2% of success of tourism businesses owned by indigenous Kenyans in the tourism industry. A unit change on service quality could lead to 0.929 change on success of tourism businesses owned by indigenous Kenyans in the tourism industry.

From the findings on figure 1, service quality can be

concluded to be a factor hindering success of the tour businesses owned by indigenous Kenyans. The graph shows that the more service quality is increased by the local operators, the more the success. This is because of increased confidence to the tourists thus increased relationships and ultimately increased revenues. This corroborate with the findings of Millan and Esteban (2004) and Josmani (2007) on their research in Spain and Malaysia respectively where they concluded service quality which they looked at as: providing the service within agreed time, complying with agreed premises, fast and clear information, and clear and sincere information; was a main factor of satisfaction on service in travel industry. Christiansson and Sporrek (2003) and Illiancheko (2007) in Spain and Sweden respectively also concluded service quality gives confidence to customers by re-assuring dependability.

Tour businesses owned by indigenous Kenyans should therefore consider enhancement of service quality to increase success. Ability to perform the promised service dependably and accurately; handling customers' service problems; providing services right first time; providing services at promised time; and maintaining error free records should be enhanced to ensure reliability of the tour businesses. To ensure tangibility as a dimension of service quality, the firm should invest on modern equipments including cars and ICT equipment; visually and up-to-date appealing facilities; and employees with a neat, professional appearance.

Service quality should be integrated onto the firm's strategic plan and values to make it part of its policy. This will ensure that the purpose, principles, processes, people and performance are quality driven. Training should be done to all employees particularly while inducting a new employee. Local operators should also endeavor to get ISO certification to enable them boast of high standards which will ultimately enable them to compete with international players. This can only be achieved if the service quality is improved to reach the international levels thus assuring tourists of world class service.

## REFERENCES

- Axinte, G. (2009). The Development of Knowledge and Information Networks in Tourism. *Annals of the University of Petroșani, Economics* , 17-24.
- Christensen, L.B., Johnson, R.B. and Turner L.A. (2011). *Research Methods, Design, and Analysis 11<sup>th</sup> Edition*. Boston, USA. Pearson Education, Inc.
- Christiansson, H. and Sporrek, K. (2003). The Role of the Internet as an SST - On-Line Booking Service. Goteborg University ISSN 1403-851X. Elanders Novum.
- Creswell, J. W.(2008). *Educational Research*. 3<sup>rd</sup> Edition. Upper Saddle River, New Jersey. Pearson Education, Inc.
- Creswell, J.W. (2003). *Research Design: Qualitative, Quantitative, Mixed methods Approaches*. (2<sup>nd</sup> edn.). London: Sage Publications.
- Gall, M. D., Gall, J. P., and Borg, W. R. (2007). *Educational Research, 8th Edition*. Boston: Pearson Education, Inc.
- Gefen, D. (2002). "Customer Loyalty in E-Commerce," *Journal of the Association for Information Systems*: Vol. 3: Iss. 1, Article 2. Retrieved on 7 April 2012 from <http://aisel.aisnet.org/jais/vol3/iss1/2>
- Gefen, D. and Devine, P. (2001). "Customer Loyalty to an Online Store: The Meaning of Online Service Quality" *ICIS 2001 Proceedings*. Paper 80. <http://aisel.aisnet.org/icis2001/80>
- Hair, J. F., Jr., Black, W. C., Babin, B. J., and Anderson, R. E. (2010). *Multivariate Data Analysis*. Upper Saddle River, NJ: Pearson Prentice Hall
- Iliachenko, E.Y. (2006). Electronic Service Quality (E-SQ) in Tourism: *Development of a Scale for the Assessment of E-SQ of Tourism Websites*. Luleå University of Technology. Luleå, Sweden. ISSN:1402-1544
- Josmani, D.S.B.A. (2007). Selection Criteria for Choosing Domestic Packages Tours in Malaysia. University of Technology in Malaysia.
- Kothari C.R. (2004). *Quantitative Techniques*. New Delhi New Age International publishers.
- Kutner, N.N. (2004). *Applied Linear Regression Models*, 4th edition, McGraw-Hill Irwin.
- Liu, H.J. and Chen, L. (2011). The perception of travel agents in Taiwan regarding travel website and training needs for adopting Ecommerce. *African Journal of Business Management* Vol. 5(26), pp. 10811-10820, ISSN 1993-8233.
- Millan, A. and Esteban, A. (2004). *Development of a multiple-item scale for measuring customer satisfaction in travel agencies services*, in "Tourism management", n. 25, 2004, pp 533-546.
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1985). "A conceptual model of service quality and its implication", *Journal of Marketing* , Vol. 49, Fall, pp. 41-50.
- Parasuraman, A.; Berry, L.L. and Zeithaml, V.A. (1990). *Delivering Quality Service: Balancing Customer Perceptions and Expectations*. The Free Press: New York.
- Pavlou, P. and Gefen, D. (2002), "Building Effective Online Marketplaces with Institution-Based Trust" (2002). *ICIS 2002 Proceedings*. Paper 63. <http://aisel.aisnet.org/icis2002/63>
- Saunders, M., Lewis, P. and Thornhill, A. (2009). *Research methods for business students*. 4th ed. London: Prentice Hall.
- Siadat, S. H. (2008). Measuring Service Quality Using SERVQUAL Model: A Case Study of E-Retailing in Iran. University of Technology in Malaysia.

- Sinclair, M.T. (1990). *Tourism development in Kenya*. Nairobi: World Bank.
- UNCTAD. (2008). *FDI and Tourism: The Development Dimension East and Southern Africa*. Geneva: United Nations Conference on Trade and Development.
- Vogt, W.P. (2007). *Quantitative Research Methods for Professionals*. Boston, USA. Pearson Education, Inc.