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**THE EFFECT OF PRIVITISATION OF BRITISH RAILWAYS ON THE  
SATISFACTION LEVELS OF PASSENGERS: A CASE STUDY OF  
LONDON OVERGROUND**

**BY**

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## DEDICATION

I dedicate this work to Almighty God for his grace and mercies upon my life, for sparing my life and for the completion of this thesis.

To my lovely son Rosh Ebute and my sweetheart: Elssie Ebute.

To my mom: Stella Ebute, family members, friends and well-wishers.

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## ABSTRACT

Rail privatisation is a contentious issue in the UK due to the political implications associated with rail privatisation. Findings from the literature suggests that it can have positive and negative effects on passengers' experiences and satisfaction. This study assessed the impact of rail privatisation of London Overground on passengers' satisfaction in the rail service by collecting and analysing primary data from 150 passengers and 50 staff of London Overground.

Data was collected and analysed to test the research framework and research hypotheses developed in the study. Analysis using SPSS involved the utilisation of correlation and multinomial logistic regression analyses. The results of the regression analysis revealed that the perceived effectiveness of rail privatisation has a strong association with customer satisfaction after rail privatisation.

The results indicate that customers who have a positive outlook towards rail privatisation were 33.1% more likely to be satisfied with London Overground after rail privatisation than customers who have a negative outlook towards rail privatisation. This association is statistically significant at .000 levels. The implication of this result points to the importance of perceived effectiveness of rail privatisation in determining the level of passengers' satisfaction in the service and therefore places high value on the outcomes of rail privatisation among passengers in order to enhance their satisfaction.

The results of the study are based on the assessment of the effect of perceived effectiveness of rail privatisation and hence cannot be objectively considered as an evaluation of the results of rail privatisation in London Overground. Despite this, the results of the study indicate that the perceived effectiveness of rail privatisation holds a key role in defining passenger satisfaction among the customers of London Overground.

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## CHAPTER 1: INTRODUCTION

### 1.1 Background of the study

Privatisation emerged as an important channel for market liberalisation in later part of the 20<sup>th</sup> century. This has had a significant impact on national economies across the globe as sectors that were once monopolised by public sector companies were opened for private entities resulting in meaningful change in the level of competition and service quality in these sectors. For example, Forrest and Murie (2014) highlighted the significance of privatisation by focussing on the potential benefits associated with privatisation such as improved operational efficiency, lower costs, higher customer value and improved service quality. In this context, governments in emerging markets such as India and China that previously supported the public ownership of assets began to change their views and started to support the privatisation due to its advantages for the economic growth and for the society, for instance, employment creation (Stuckler et al., 2009).

Privatisation is the process through the ownership of the business in the hands of private organisations or organisation is transferred from the public sector to private ownership (Kay and Thompson, 1986). According to Le Grand and Robinson (2018), privatisation refers to the washing out of government monopoly of the production and services and allowing the private individuals or the companies to perform the same. However, privatisation does not mean that handover of the entire right of the business to the private individuals or the companies but, the government in some cases hold a considerable influence in the production and service operation even after privatisation like in the case of China where the government continues to enjoy considerable influence in privatised sectors (Tierney, 2010). The implication of this is that there is no uniform definition for privatisation as the nature and extent of privatisation change from nation to nation.

An important argument in support of privatisation is the slowpoke growth of state-owned sectors compared to privatised sectors. This brought about the debate around privatisation and eventually lead to the large-scale privatisation policies in the UK in 1960's and 1970s (Hulsink, 2012). As part of this, Cumbers (2012), argues in the developed nations or highly industrialised nations, the state owning system led to the decline of Gross Domestic Product (GDP) that was averaged 8.5% during 1984 and decreased to 6% by 1991. This displays the negative impact of the public owning system. Since 1991, the GDP of state-owned

enterprises was again declined, and after 1991 the GDP reached under 5 per cent, and this can be considered as a reason for state-owned enterprises.

Additionally, the lower income nations highly supported the change towards the privatisation. In the lower income nations, the state-owned system reduced GDP growth rate from 16% during 1981 to 7% in 1995. Like lower-income nations, the middle-income nations also encountered the issue of declining GDP due to the state-owned system and later the adaptation of privatisation changed the scenario and GDP began to improve (Cumbers, 2012).

It can be argued that the privatisation of public sector businesses has increased in the wake of the globalisation and liberalisation of nations across the world (Hulsink, 2012). With globalisation, the understanding of nations regarding the economic growth has changed, with nations realising the negative consequences of public sector ownership like the decline in GDP growth and economic recession. Moreover, this is the period of interdependence, and the world nations are dependent on each other for the business that ultimately leads to economic growth (Domnison, 2018).

Privatisation in the UK was proposed in 1979 as state-owned businesses in the UK were making significant losses. For instance, the net loss recorded by state-owned businesses in the UK was more than £3 billion by 1979. This was a key reason for the large-scale privatisation policy adopted by the Thatcher government in the UK during the 1980's and early 1990s. The privatisation of state-owned businesses by the Thatcher government generated over £2 billion for the government. The overall additional revenue generated by the UK government via the privatisation of state-owned businesses amounts to £34 billion as of 1992 (Moore, 1992). The benefits of privatisation of state-owned entities in the UK was not limited to improvement in revenue but also the overall revitalisation of UK economy in the post-privatisation era compared to the pre-privatised era.

Additionally, the privatisation of state-owned enterprises also contributed to public sector debt repayment and led to a 12.5% decrease in the national debt of the UK. The privatisation experience of the UK is often cited by researchers as evidence for the dramatic effect that privatisation can have on national economies (Moore, 1992). The experience of other markets such as India, China and Brazil also underpin the argument that privatisation can result in dramatic changes to national economies (Hulsink, 2012). The speed of privatisation across the world has been underpinned by the assertion that privatisation is an important and often unavoidable step to transform an economy into a free market economy that also delivers

considerable gains in economic growth, employment and overall improvement in the society. However, this perspective has changed in recent years as it has come to light that privatisation in some sectors has not delivered the gains expected from privatisation and instead has reduced value and led to inefficient and cumbersome service to the public (McDonnel, 2017).

The UK has been at the lead of adoption of privatisation, and the country was one of the first nations to privatise its railway service in the EU and still remains one of the only major nations in the EU to adopt rail privatisation as Germany, France, Italy and Spain (Rail Delivery Group, 2014). The country privatised British Railways between 1994 and 1997 (Hulsink, 2012). According to Bowman (2015), the privatisation of British Rail was the effort of transferring the government rights of the railway activities to the private companies. Since 1948, the British Railways was controlled by the government, and it was under the British Railway Board. Even though it is said that the British Railways privatised between 1994 and 1997, some of the functions were privatised even before 1994. Sealink, British Rail Engineering, British Transport Hotels were some of the examples of previous privatisation (Cowie, 2009).

The privatisation of British Railways began during the period of John Major, the successor of Margaret Thatcher in 1994 and was completed by around 1998. The base of the privatisation of British Railways was Railway Act (1993) by the British Parliament which in turn was underpinned by EU Directive 91/440 in 1991 which promoted deregulation of railways sector (Pollitt and Smith, 2002; Glaister, 2004). As part of this, the rights of the British Railway Board was removed; however, there was Rail Regulator's office that supervised the railway activities. After the privatisation, the various functions of the railway reassigned into various private organisations. The infrastructure development, regeneration of the assets and maintenance of rail track were the significant functions that were also given for the private companies (Fenelon, 2017).

In this context, a wide debate had spread both in the political (McDonnel, 2017; Glaister, 2004) and academic spheres (Cowie, 2009; Shaw, 2000; Pollitt and Smith, 2002) regarding the negative social and economic impact and implications of British Railway privatisation. Some of the studies have showcased that service quality and operations have improved across the railway service in the aftermath of the privatisation of the British Railways (Jupe, 2009). There is also evidence of improvement in customer satisfaction with railway service in the

aftermath of British Railway's privatisation (Hulsink, 2012). On the other edge of the spectrum, researchers such as Bowman (2015) argue that cost of railway service had skyrocketed, and the value received by passengers has also decreased in the era of the privatised railway in the UK. This has resulted in increasing demand for renationalisation of British Railways in some sections of the British society (Hulsink, 2012).

The privatisation process has been embraced by developed countries such as USA, UK, Canada and emerging countries like Japan to promote the economic growth (Ademiluyi and Dina, 2011). The privatisation of London Overground was a continuation of privatisation of British Railways. The privatisation of British Rail was the process in which the operations and ownership of Great Britain's railways transferred from government ownership into private sector (Bowman, 2015). The privatisation process of British Rail started in 1994 and finished in 1997. The operations of British Rail were divided and sold to various private companies. Ownership of rail infrastructure passed to Railtrack, ownership of passenger trains transferred to rolling stock operating firms, track maintenance sold to 13 firms over the network and operations of freight trains transferred to Freightliner and English Welsh and Scottish firms (Cowie, 2009). However, over the years of British Rail privatisation, rail transport in north and west London had experienced major neglect. The London Overground was introduced during 2007 to offer good networks between areas outside of Central London (TfL, 2018). The major goal of London Overground was to amalgamate these older rail lines into new lines in south and east London to develop a completely orbital network to serve London. Hence, the ownership and control of rail lines such as London Electric Railway Bakerloo line and The Gospel Oak to Barking line which were controlled by British Rail until privatisation were transferred to Transport for London (TfL) in 2007 and developed by the London Overground (TfL, 2018).

The UK government adopted the privatisation widely, mainly in the railway sector in which the concept built its root in the early stage of 1990 (Jupe, 2009). The country was among the pioneers in the railway privatisation and holds a lead role in the privatisation act. After the nationalisation of railways in the country in 1948, the nation looked to rebuild the operation into a strong position and restore the profitability of railways. Considering this the country has invested adequately on the concept in the period of 1950-1960, however, was only able to complete a part of the modernisation program. The loss of substantial sums has further prohibited the cash requirement to accomplish the modernisation (Cowie, 2009). A change in strategy was chosen by the Beeching proposal in 1963 which had closed the lightly used parts

of the network to create a railway that is commercially viable. However, the labour government opposition in 1964 has halted the Beeching proposals which hindered the reconciling of quality railway service. Further, a rudimentary cost analysis was initiated in the period which fell desperately in the 1970's (Smith, Wheat and Nash, 2010).

The service patterns to the commuter were altered though the network coverage was remained unchanged. The situation thus produced fluctuations in the passenger railway financial performance, and the country had failed to set up clear goals for the railway. The scenario indicated a static passenger demand and declining freight demand (Cowie, 2009). On the other hand, the government had been disposing the non-core activities and desperate to implement the privatisation through selling (Jupe, 2009). The fact that adoption of privatisation of certain fields proposed efficiency improvement along with fundraising improved the pace of privatisation. The facts thus lead to privatisation of British railways which take the government out from having direct involvement in the railway finance and management issues. The privatisation structure decided on the provision of franchisees to operate the train services which involved with bid inviting for operating the service of a network part (Smith, Wheat and Nash, 2010). The franchise specification entailed minimum service specification description, and further, the contract could penalise the operator in the aftermath of poor performance in most cases.

In line with the actions, the privatisation was embraced by the UK government in the London Overground operations. Frumin (2010) notes that London Overground was implemented to integrate the old networks such as north and west London railways which were neglected significantly. The process integrated the old network to the east and south London routes formulating an orbital network. The major north and west overground rail lines covered by London Overground are discussed below;

### **West Croydon to Dalston Junction**

In 1865, the ownership of Thames Tunnel was gained by East London Railway Company from Marc Brunel construction and connected to the rail line on both sides of Thames river carrying freight and passengers on various routes (Wills, 2016). In 1933, this line became the part of Tube network and in 2007 TfL took control of this East London line and opened it 2010 after refurbishment as part of London Overground (TfL, 2018)

### **Northern and Southern extensions**

The new northern line opened between 2010-2011 as part of London Overground project by TfL which integrated the existing Kingsland viaduct. The southern lines to Clapham Junction opened in 2012 and West Croydon opened in 2010 and these extensions developed an orbital rail across inner-London (TfL, 2018).

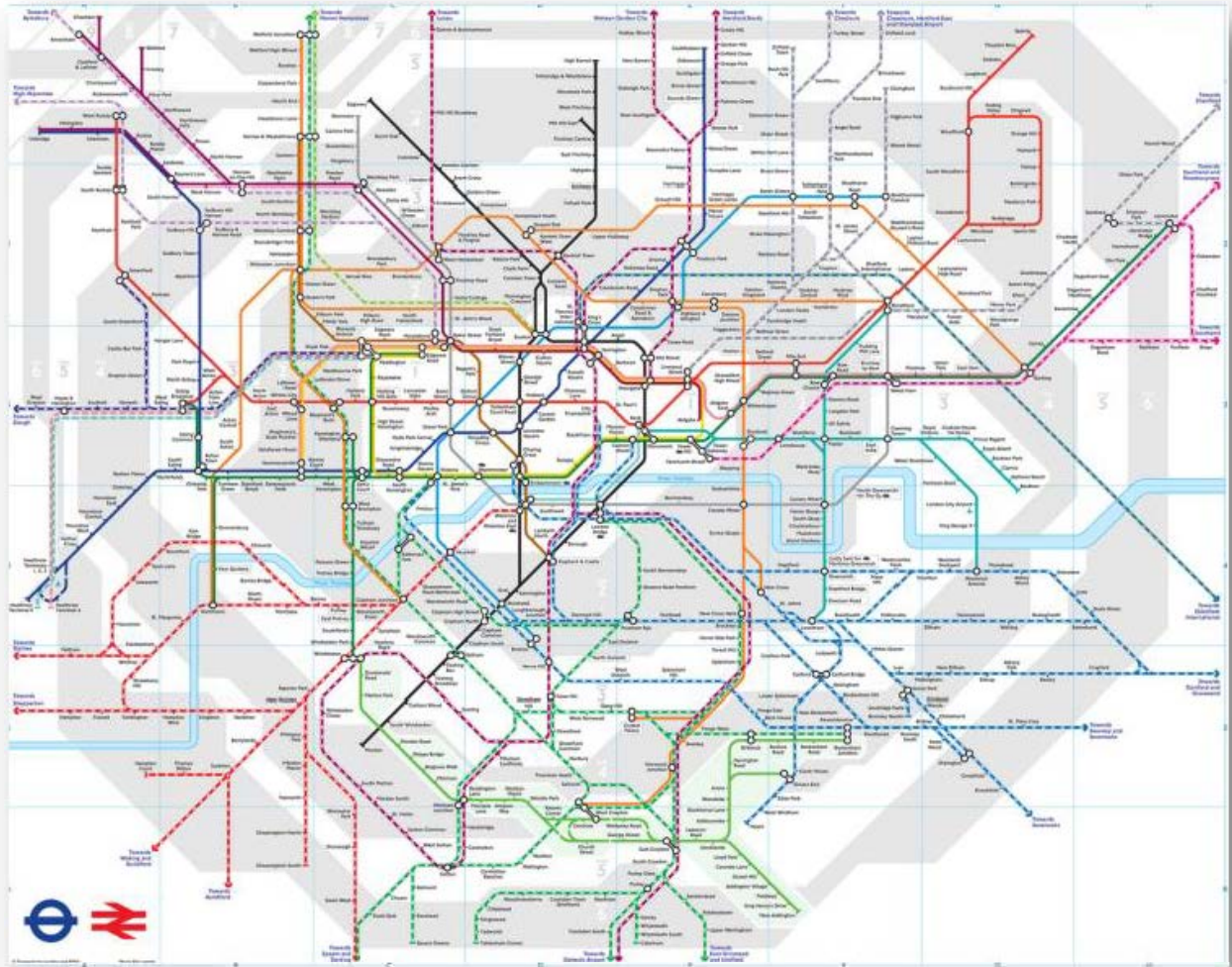
### **Watford Junction to Euston**

This network follows London's earliest rail lines; lines between London and Birmingham opened in 1838. Until privatisation, the Watford-Euston line was controlled by British Rail and later by Silverlink. In 2007 TfL took control over these lines and developed London Overground (TfL, 2018).

### **Gospel Oak to Barking line**

The Gospel Oak to Barking line integrated various rail lines such as Tottenham and Hampstead Junction, Tottenham-Forest Gate Railway, Upper Holloway and Woodgrange Park, Tilbury and Southend Railway and Barking to Gospel Oak (TfL, 2018). This line was privatised in 1994 and Silverlink Company took control over the line with little investments in facilities and services. Later in 2007, TfL took control of the line and make it the part of London Overground (Wills, 2016).

TfL is a part of greater London authority and is a local government body that functions as part of the transport system in Britain. TfL holds the responsibility of franchising the London Overground services, Wills (2016). The franchise service of Transport for London reflects a management contract in which TfL retains the revenue risk (Wills, 2016). The yellow lines in figure 2.1 below shows the London overground lines in the tube map.



*Figure 1.1: Transport for London controlled London Overground network*

*Source: Wills (2016)*

Before privatisation, rail lines in west and north London had encountered significant neglect including poor public transport facilities (Wills, 2016). The case was deteriorated further through the rickety stations and neglected stations. A protest rose in the aftermath of privatisation plans under the threat of unemployment (Frumin, 2010). However, TfL had assured staff that the improvements had not resulted in job losses. According to Gill (2017), the Transport for London had invested over £1.4 billion to improve the London rail services where the East London line has achieved a massive extension in the aftermath of investment. TfL owned the trains and infrastructure to deliver the service while being responsible for other elements such as fares, security and safety. Through the launch of London Overground, TfL was able to replace the whole train fleet with 62 contemporary and longer trains,



increased capacity, launched Oyster in all 55 stations within its control, refurbished each station and made other necessary improvements (TfL, 2018).

On the other hand, it was identified that certain factors had lured the government to implement the privatisation of the lines in London Overground such as mismanagement and economic growth. The financial and resource mismanagement was a consequence of lack of government attention in the field (Sanders et al., 2011). The process hence resulted in closing of several stations that were neglected. The financial issues in managing the networks were another crucial factor that propelled the government in adopting privatisation and ending up creation of Transport for London (TfL, 2018). Further the inefficiency in coping with the fluctuation in passenger footfall and service provision underpinned the privatisation adoption. The operations of TfL have turned the neglected stations in the networks to significant Overground service to the passengers linking crucial sites. Refurbishments were made on the trains after TfL took control and the improved service provision indicated a treble on the passenger volume (Gill, 2017).

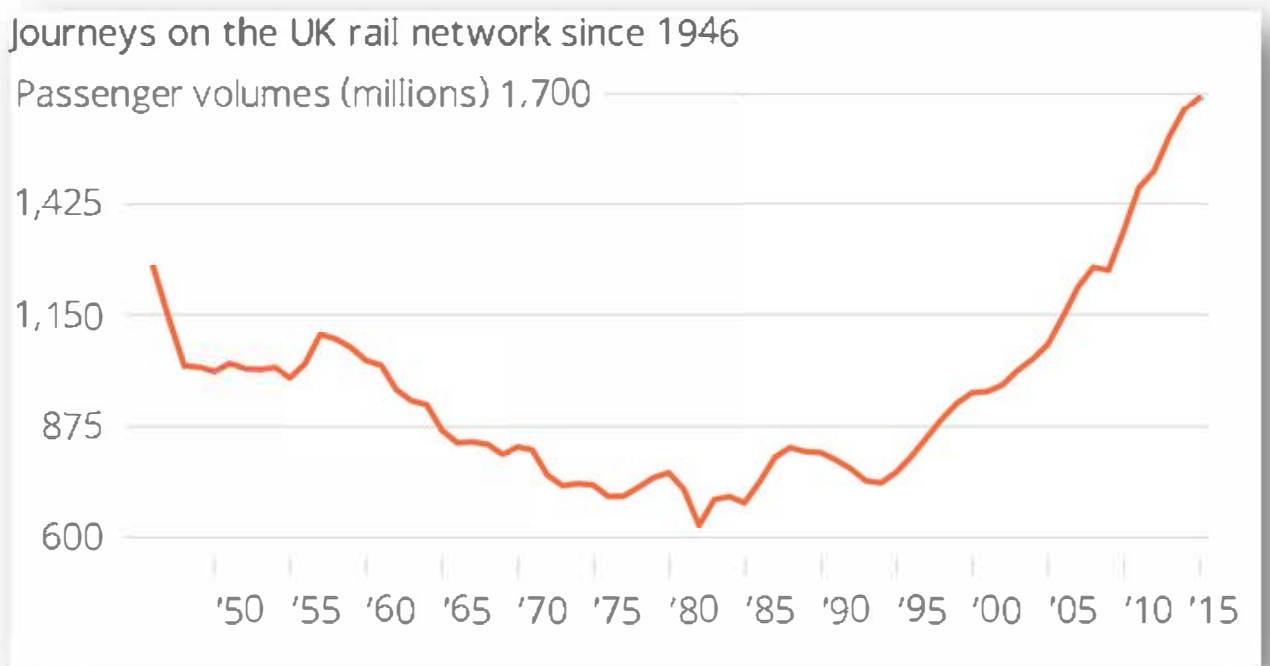


Figure 1.2: Passenger volume trend in the UK since 1946

Source: Gill (2017)

Moreover, TfL has been active in implementing plans that could improve the overall performance of London Overground such as the service provisioning in late night. The

company had made lucrative deals with the operators underpinning the late-night service (TfL, 2018). Considering the franchisee operating strategy in the privatisation management of London Overground is provided to certain companies (Sanders et al., 2011). The latest bid on the service was one by Arriva Rail London which is a subsidiary of Arriva UK trains and are engaged in a contract with TfL since 2016 till 2024. However, the fact that TfL opted franchisee as management contract thus return the revenue risk to the Transport for London (TfL, 2018).

On the other hand, TfL has invested heavily in building new trains to improve the London Overground where the contract was made in 2015 to Bombardier Transportation (Ortega-Tong, 2013). The new vessels are expected to possess improved seating such as longitudinal and transverse style without replacing the current London Overground stock, which played a key role in enhancing the satisfaction level of passengers, notes Frumin (2010).

Apart from the case of TfL and Arriva, the overseas operators had a significant role in the UK railways noted Gill (2017). The overseas companies are involved in the business through joint venture contracts engaged with the firms in the UK. The Deutsche Bahn and Abellio are examples for the case, and further, it can be deduced that the privatisation has helped in augmenting the railway field engagement and passenger satisfaction in the country. The privatisation process had initiated the London rail service revitalisation helping to implement a better fleet of trains, information system aiding to avail enhanced customer satisfaction (Gill, 2017). For instance, it is found that the customer satisfaction with British Rail respondents is the second highest in Europe (78%) during 2013 (Eurobarometer, 2013). Another report of National Rail Passenger Survey (2014) revealed that the passenger unhappiness after privatisation of British Rail has diminished from 10% in 1999 to 6% in 2013 and passenger satisfaction increased from 76% in 1999 to 83% in 2013. However, both London Overground and Underground rail services remained seriously impacted for number of months due to passenger concern after the Hatfield rail accident during 2000 (NCE Editorial, 2012).

In this scenario, considering the privatisation of British Railways, the current study will be evaluating how privatisation of British Railways has affected customer satisfaction in one of UK's privatised rail services-the London overground.

## **1.2 Research aim**

This research aims to evaluate the impact of privatisation on passenger satisfaction levels in London Overground.

## **1.3 Research objectives**

- To analyse the factors that contributed to the privatisation of London Overground
- To evaluate the elements affecting satisfaction levels among railway passengers
- To assess the impact of privatisation on satisfaction levels of passengers of London Overground
- To offer recommendations for enhancing satisfaction levels of passengers of London Overground

## **1.4 Research questions**

- 1) What factors mediate satisfaction levels of railway passengers in London Overground?
- 2) How does privatisation affect customer experience in London Overground?
- 3) Do customers experience improved service in privatised railway service compared to public service?
- 4) What are the main disadvantages faced by customers in privatised railway service?

## **1.5 The significance of the study**

This research primarily aims to assess the privatisation's impact on passenger satisfaction levels in London Overground. Concerning this, the first objective of the research is to understand the crucial factors contributing to the privatisation of London Overground. Moreover, the objectives include evaluating the major elements that affect the satisfaction level of London train passengers. Regarding this, it was found that the operation and service quality of the British Railways was highly improved after the formation of London Overground (Jupe, 2009). Apart from this, it was found that there was a high improvement in the level of customer satisfaction after the initiation of London Overground (Hulsink, 2012). However, there were criticisms against the impact of London Overground on the nature and quality of customer service. As part of this, it was found that the ticket fares of the railway services increased significantly after the privatisation of London Overground. The ticket fare for the London rail services was less at the time of British railway system in London.

Moreover, there was a decreasing tendency in the value attained by the rail customers of London.

In this context, this study proposes to evaluate the level of customer satisfaction in London Overground and the effect that the privatisation of London Overground has had on customer satisfaction. While there is an abundance of studies that discuss the social (Cowie, 2009; Shaw, 2000; Moore, 1992), economic (Pollitt and Smith, 2002) and political outcomes (Glaister, 2004; Hulsink, 2012) of British rail privatisation, studies that focus on the impact of rail privatisation on customer value and customer satisfaction are limited in the existing literature. As part of this, the researcher will be evaluating all the aspects regarding the impacts of privatisation on the passenger satisfaction levels in London Overground. Thus, this study will be a significant contribution to the available literature and for the research scholars to understand the impact of privatisation on passenger satisfaction levels in London Overground. The research fills the gap of lack of information in the chosen research topic. As part of this, importantly the readers and the future researchers can comprehend whether the value and satisfaction of customers increased after the opening of London Overground.

### **1.6 Rationale of the research**

As already said in the research aim section, evaluating the impact of privatisation on passenger satisfaction levels in London Overground is the primary aim of the current research. There are few reasons for choosing the privatisation concept in the current study. Importantly, the people and organisations of various countries are witnessing the privatisation and the fading out of the public system in the asset management. Since the nations of the world have economic interdependence, the significance of privatisation is enhancing. Moreover, there is evidence of increasing customer satisfaction because of the privatisation (Le Grand and Robinson, 2018). Here, it can state that the importance of privatisation has been increasing, and in this scenario researching the current topic will be helpful to highlight the significance of privatisation for the countries and organisations.

Likewise, the researcher decided to evaluate customer satisfaction in the London Overground. The key rationale behind this decision is the identified positive customer satisfaction in London Overground. There is positive customer satisfaction and at the same time negative satisfaction as well. Some of the critics said that the train fare had been considerably increased after the privatisation of London Overground (Sinclair, 2015). Hence, it can say that the current understanding of researchers regarding the impact of privatisation

on the customer satisfaction level in London Overground is in a dilemma. The researchers do not have an accurate idea about what is the real impact of privatisation with reference to London Overground. In unison, the privatisation of British Railways is one of the momentous events that occurred in the history of Britain or may be in the world privatisation history. In this, context a deep understanding of this area is necessary, and for this, the current study will be a valuable contribution.

In addition to this, this research evaluates the major factors that led to the privatisation of London Overground. While discussing this area, the readers can understand the significant factors that drive to privatisation especially in the context of London Overground. Besides, it can understand the general factors that lead the various countries to abolish the public ownership and think about the privatisation or the mixture of public ownership and the privatisation (Le Grand and Robinson, 2018). The discussion will be a valuable contribution to the current literature on privatisation, and this is the rationale behind the selection of the first objective.

The railway is an important transportation means and financial source for most of the countries. As part of it, countries are supportive of serious researches that emphasise the customer satisfaction of passengers (Wu et al., 2010). Understanding the needs and desires of passengers is inevitable for the countries to develop railway transportation. For this, researches need to be conducted to determine the rate of customer satisfaction in the railways. According to this, effective remedies can be taken. This is the rationale behind the selection of the second objective that to evaluate the elements affecting satisfaction levels among railway passengers.

The fourth objective of this research provides recommendations for improving the customer satisfaction of London Overground. These recommendations will not only be a contribution to London Overground but will be general improving measures for the global railway sector, and this is the reason for choosing the fourth objective of the study.

### **1.7 Overview of case organisation**

London Overground is the suburban rail network in London, UK. It was established in 2007 and was operated by Travel for London (TfL) which is an executive agency responsible for managing the railway operations in London. Officially launched with the marketing campaign "London's new train set", London Overground is a suburban network that offers adequate railway services to the UK. Revamping the railway routes, the launch of London

Overground was a milestone in the history of British Railways. Enhancing the facilities of the station, fostering the frequency of services and staffing were the immediate amendments that were undertaken associated with the launch of London Overground (TfL, 2016). Establishing the operations in the North London Railway, London Overground extended its operations to other extension lines in the subsequent years. While the operations to East London Line were extended in 2010, the service range of South London Line and North-east and East London was extended in 2012 and 2015 respectively.

The control centre and head office of London Overground is currently located at Swiss Cottage. Watford DC Line, Gospel Oak to Barking Line, Romford to Upminster Line, etc. also includes the various stations that the London Overground operates. Thus, operating on nine lines and 112 stations, London Overground upholds an annual ridership of 184 million. Until 2016 the operations of London Overground were completely controlled and administered by TfL. However, in 2016 the operations of London Overground were franchised to Arriva Rail London. Lack of reliability and low customer service were critical issues affecting London Overground (TfL, 2016). For example, in 2014 in an infamous incident, the customer service department of London Overground replied sarcastically to a passenger in response to the complaint regarding the late arrival of trains (Keegan, 2014). Another issue was the high crime rate in London Overground (5.6 reported crimes per million journeys) (CSN, 2016). Moreover, 7% of trains of London Overground were delayed during Q4 of 2015 (TfL, 2016). But most of these issues were prevalent under the management of Travel for London (TfL) prior to its privatisation. In this context, the present research evaluates whether the travel experience and satisfaction levels in London Overground have improved in the aftermath of privatisation of London Overground.

The name London Overground was rebranded in September 2006 and was officially announced to public. During the announcement, it was planned to integrate the East London Line to the London Overground. Later, Transport for London also attained the right of Silverlink to operate the routes of North London Railway (Sinclair, 2015). Officially, the London Overground was opened on 12 September 2007, and the function was attended by many dignitaries including Ken Livingstone, the incumbent London Mayor. Anyhow, the media incorporated functions were conducted afterwards (Smith et al., 2009)

The Ringrail that were proposals during the 1970s can be considered as the base of establishing the orbital shaped rail network in London (Sinclair, 2015). The Barren report of

1974 was like the Ring rail proposal. However, Barren merely suggested creating a ring rail by joining the North London rail routes. Conversely, the Ring rail proposal advised to add all the existing rail routes of London to build an orbital shape rail network. However, the Ring rail proposal did not agree with the construction of new routes in the Barren's suggestions and instead it was suggested for utilising the existing rail routes (Sinclair, 2015). The Barren proposal comprised some overlapping problems of rail services and hence, for the implementation of the plan the planners did not get a satisfied nod from the government of Harold Wilson. Moreover, the planners have received a negative response from the management of British Rail, and because of this reason, the planners could execute only a few of the proposals of Barren (Davies et al., 2014)

The 'Cross Town Link-Line' was a name of upgraded rail service that planned during 1979 by the Greater London Council [GLC]. Concerning this plan, the GLC focused the Camden Road, and from here the rail service will begin. In addition to this, GLC decided to launch the service between North Woolwich and North London line. Until 1979, there was merely freight rail between the Stratford and Dalston and these places did not have the connection with the North Woolwich and Stratford locations. In this context, GLC determined to change the freight-only rail routes to both the freight and passenger routes. Other than this, there was a plan to connect the North Woolwich and Stratford locations with the Stratford and Dalston (Dwyer, 2011). Apart from this plan, the GLC put forward another important plan that was not in 1979 but 1981. The plan was to destroy the Broad Street Station with the objective of the enhancement of Broadgate. For this plan, the government was highly supported. The issues regarding the operation and arrangements in the Watford Junction and the North London line were the significant reason to reach in the conclusion of destroying the Broad Street Station (Frumin et al., 2013).

The issues regarding the service from Richmond to North Woolwich could speedily sort out by the rail management. Nevertheless, a little mistake in the decision created a big financial burden for the management as the rail management vanished the on-going 3-car Class 501 and instead of this a comparatively low sized electric train introduced namely 2-car Class 416. The lack of space in the 2-car Class 416 led to overcrowding issues that ultimately led to the suffering of the travellers. Besides this, the rail management transferred some of the Class 313 trains from Moorgate to Watford and North London locations, and these efforts were mainly executed with the intention to reduce the train services (Sinclair, 2015; Hodges and Knott, 2009).

As part of the Outer Circle project, many established groups and campaigners-initiated bills and leaflets, and the important groups were Rail Development Society [RDS], Capital Transport Campaign and some of the voluntary groups. It can trace that the bills and leaflets campaign was mainly launched during 1997 and prior to this year, there were not many campaigns occurred using the bills and leaflets. Concerning this campaign, the major objective was to accomplish a rail route to Greenwich Peninsula from Clapham Junction.

After accomplishing the route, the campaigners expected that there would be enhanced entrée to Millennium Dome from the regions of South London. This will positively affect the social life of the people who are surrounded in the Millennium Dome. Even though the campaigners put high effort to attain this objective, there was an important hindrance as an architect named Richard Rogers mentioned the project might cause to community severance. These issues existed until the formation of the Greater London Authority (GLA) in 2000; and during this period the plan could execute (Sinclair, 2015). After 2000 also, there could see massive lobbying that affected the implementation of Outer Circle. Finally, the campaigners decided to meet the Mayor and the top members of the Greater London Authority, and after this meeting, the intended plan of the campaigners assured to implement, and as part of it, the detailed plan was included in the Mayor's Transport Plan (Hodges and Knott, 2009).

With the intention of building and improving the local as well as the national rail transportation, a pilot plan was made in 2003. Even though the pilot scheme was a failure that included some unavoidable service plan that people were always sought, this included services in and through the south-west, south and southeastern parts. The pilot plan not only decided to improve the better services for the people but, it was decided to build displays that deliver information, maps and station signs. Anyhow these facilities were decided to install in few crowded stations or junctions. Some of the critics were argued that the pilot plan was mainly put forward as part of the branding strategy. Nevertheless, it can interpret that the pilot plan could bring much influence on the existing rail services of London (Sinclair, 2015).

Significantly, in 2004, then there was an important call from the Department of Transport, the United Kingdom that was to recheck all the activities of the railway sector. Concerning the decision of transport department, it was decided to establish a 'London Regional Authority. After the decision, the controlling responsibility and the deeds concerning the entire rail services for the people of Britain were shouldered on London Regional Authority (Sinclair, 2015).



After these, all decisions, the overall control of the Silverlink Metro services were received by Transport for London [Tfl]. The service set-up of the Silver link was divided into two parts such as Silverlink Metro and the Silverlink country services. Silverlink metro was mainly operated in the urban area of London, and in contrast, the country services were importantly enjoyed by the people of few London locations such as Bedford, Northampton, Bletchley and Euston. Afterwards, the London Mainland attained the control of Silverlink country services. However, the control of Silverlink metro was reassigned to the Transport for London, and the important duties like the management of revenue were handled by the members of Transport for London. Subsequently, the services and its management of Silverlink were obtained by the Transport of London, and this right was accomplished during February 20, 2006. As part of this, it was available for the private companies to win the tender, and regarding the tender that companies could provide service in the London (Smith et al., 2009).

### **1.8 Research structure**

This thesis is divided into six chapters including the introduction and conclusion. Chapter 1 contains the background of the research, case organisations, the significance of the study, the research rationale and research structure. Chapter 2 contains a detailed discussion of the literature; it identifies customer satisfaction in the railways and privatisation and its impacts. Chapter 3 contains a discussion of the research methodology that will be adopted in this thesis, and as part of it, research approach, research philosophy, data collection method, analysis method etc. will be addressed. Chapter 4 contains the presentation and analysis of the data collected in this thesis while chapter 5 details the findings and discusses the implication of these findings. Chapter 6 contains the conclusion of the thesis and offers recommendations on both practical and academic levels.

### **1.9 Summary**

This chapter gives the thesis a structure, by discussing the background, significance and rationale of the study and by formulating the research objective, aims and questions. It also presents the research overview and the gap in literature. The gap identified in the literature is the lack of existing studies on the effect of rail privatisation on customer value and customer satisfaction despite the abundance of studies that analyse the social, economic and political impact of British rail privatisation. So, this thesis addresses the gap in the

existing literature by evaluating the effect of rail privatisation on customer satisfaction in London Overground.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

According to Ridley (2012), literature review is a search and analysis of the accessible literature in the given topic or chosen subject area. It is that section of a research where there is a considerable reference to any related study or theory in similar area. The major goal of reviewing literatures is to illustrate a detailed and present state of knowledge on the chosen topic. Machi and McEvoy (2016) state that literature review chapter documents the status of the art related to the topic or subject the researcher is writing about.

This study incorporates detailed scrutiny of the of the rail privatisation in the UK. The study assesses the arguments and theories that are concurrent with the concept of privatisation in sectors such as London over-ground. Further, the study assesses the influence of rail privatisation on the satisfaction of the passengers. The chapter continues with a discussion on performance outcomes of British rail privatisation' to offer a base leading to the hypothesis and related theoretical model used to pact with the research questions developed in the introduction chapter.

The main criteria used for choosing the literatures for reviewing was their relevance to the research topic and research objectives. The relevant data for this literature review was gathered from online books, journals, libraries, previous researches etc. A conceptual framework was developed based upon the prominent codes and themes which were considered in the literature. Ultimately, a conclusion is made which represents the research opportunities and objectives arouse from the literature review.

### **2.2 Privatisation**

Parker (2013) defines privatisation as the process through which a public organisation is transferred to private ownership. The public industry is the section of the economic system that is executed by government bureaus. According to Boardman et al., (2009), privatisation may involve either removal of constraints avoiding private individuals and corporate from taking part in a given sector or sale of assets held by government. The term privatisation has various meanings within finances and business. For example; if a company or a person buys all stocks in a public ally traded firm, that possibly makes it private, in order that practices is sometimes mentioned as privatisation. Yet, in contrast to the core understanding of

privatisation, the firm in the question is in the private industry to start with and stay there (Clark, 2011).

Boardman, Vining and Weimer (2016) discovered privatisation is a new trend in various parts of the developed and emerging world. Supporters of privatisation believe that the competition in the private industry promotes more effective practices, which ultimately results in good products and services, less corruption and lower prices. On the other hand, scholars such as Josiah et al. (2010), Jupe (2009) and Jupe and Funnell (2015) argue that some sectors such as education, law enforcement, medical, utilities etc must be in public to facilitate higher control and assure more reasonable access.

Privatisation became an important strategy for economic growth in the second half of 20th century as European nations including the UK and Germany privatised the governments' involvement in manufacturing, steel, oil and telecom sectors (Hulsink, 2012). Over the years, privatisation has become a major strategy employed by both developing and developed nations for promoting economic growth. Existing studies such as OECD (2013), Molinos-Senante and Sala-Garrido (2015) and Mukherjee and Suetrong (2009) have revealed that privatisation is a highly effective strategy in competitive sectors as privatisations lead to increased competition and innovation and result in higher efficiency and profits in the sector.

Privatisation in the UK has begun from the late 1970s. It was a reversed action of Atlee's nationalisation policy which took place during 1945-51. The de-nationalisation started with privatising huge companies like British Aerospace and Cable Wireless. The privatisation movement in UK started in 1979 with the partial sale of British Petroleum, which is followed by the sale of airplane manufacturer British Aerospace, a freight firm National Freight Company and Amersham International; a radiochemical firm during 1981 and 1982 (Alexanderson, 2009). The privatisation continued mainly in the 1980s and 1990s, with the selling of Jaguar Cars, British Telecom and Britoil. One of the major airline carriers in UK, the British Airways privatised with IPO (Initial Public Offering) during 1987 (Alexanderson, 2009). In UK, privatisation is continuing; the privatisation of Royal Mail in 2012 was the last major deal in the recent past (Seymour, 2012).

The prime factor of privatisation is that it sells government-owned public-sector assets to an individual owned private sector. The profit motive of the private sector will run the business more efficiently (Pettinger, 2017). Privatisation was boosted in the UK in the 1980s and 1990s because of listing new companies in stock market. Many state-owned firms including

BP, BT, British Airways, electricity companies, gas companies and rail network privatised in the UK during this period (Seymour, 2012).

There are significant changes which can be brought by adopting privatisation. Private companies are more likely to improve the efficiency of the workers and operational management as they are looking for profit and tend to reduce costs (The Tall, 2018). Companies such as BT and British Airlines have gained more profit by increasing their employee efficiency since privatisation (Pettinger, 2017). Exclusion of political interference is considered as a key advantage of privatisation. The government-owned public assets and business houses are always taking their decision according to the political scenario. The private sectors are still free from this kind of political management, and they can make decisions on progressive policies quickly and implementing them effectively (S-cool, 2016). A government's decision would depend on the elections and managers of a private company need not look for such kind of factors and the decision making would always be more manageable. The pressure from other shareholders is always will be a challenge for private companies, and they must improve the efficiency periodically to survive in the market (Welford, 2013). Selling state-owned companies to the private sector raised the revenue of the UK in the 1980s and 1990s (Pearson et al., 2012).

Considering the case of privatisation in the aspect of medical care, when compared to the public sector, privatisation has provided the best available facilities. The provision of the latest technological services for patients is through providing the required fund. The vast amount of money invested by the private companies provides these facilities. Introduction of these facilities in the public sector requires a more time-consuming set of meetings and decisions to be made. But in the private sector, no such strenuous work is needed, since individuals mostly head private companies. Only the decision of the individual or the board of directors is required for starting any work. Considering the case of services and infrastructure of the private hospitals, they always strive to be the best for acquiring more customers or patients and the image of the hospital.

Researchers such as Rezapour, Zeynali and Shahvalizade (2014) and Jaber and Iranzadeh (2014) also identified the other side of privatisation. Privatisation results in decreased government profits as well as decreased regulation, mentions Jaber and Iranzadeh (2014). Organizations not held by government do not directly contribute the government profit and these firms also have more independence to follow their own interests, which might

negatively impact customers without the control of government (Jaberi and Iranzadeh, 2014). According to Wolf (2009), the most important thing considered as a negative impact of privatisation is that of natural monopoly. When some of the products available in the market come under the control of one private company, they will start pricing as they decide. In such cases, when private firms exploit consumers, the only state can control this tendency by implementing effective strategies. Another critical issue is that of public interest, when there are various sectors like health care, education, public transport, etc. comes under the control of private industry, and sometimes their profit motive will affect the services badly (Bel et al., 2009). Fragmentation of one business sector into many is also seen as a problem of privatisation. Jupe and Funnel (2015) pointing the problem faced in the UK's rail sector due to privatisation. Rail privatisation led to breaking up the rail network into infrastructure and train operating companies. A rail incident, i.e. the Hatfield rail accident during 2000 (NCE Editorial, 2012), identified the report of Jupe and Funnel (2015) that the major reason behind the rail crash was related to the train operating companies' inefficiency in taking care of safety measures and no one took responsibility for the accident. The study observed that even though these incidents are common in similar businesses; irrespective of government or private governance, the accountability is high in the government bodies due to legislative constraints and a plethora of formalities involved.

According to the study conducted by Haywood, 2016, enhancement of the operational efficiency is one of the most important advantage availed through rail privatisation. As the organisational system of private ventures tends to share profits, the managers and workforce will be more efficient and competent in raising company profits. Thus, aimed at achieving higher profits, the privatisation helps in assuring an enhanced degree of operational efficiency (Haywood, 2016).

The improved performance of Africa's rail network through privatisation in Camrail and Sitarail are few examples. The reduced probability of political interference and the inclination to adopt short-term view approach resulting in effective infrastructural improvements are also features that add-on value to rail privatisation (Haywood, 2016). As the state-owned enterprises tend to showcase a long-term decision-making approach that results in prolonged development plans, Imashiro and Ishikawa (2013) opine that privatisation also has a significant role in influencing infrastructural developments. As the increasing competition within the industrial setting and the pressure imposed by the shareholders also persuades the

privatised ventures to ensure competitive performance, (Haywood, 2016) opines that these also constitutes the potential benefits of privatising railway service sector.

On the other hand, as privatisation generates private monopolies that are driven by their profit, the probability of customers being exploited by higher tariffs, increased service costs, etc. are likely. The loss incurred by the governmental bodies on the potential dividends is also a concern associated with rail privatisation (Haywood, 2016). Although the privatised monopolies create its own organisational systems for functioning development of specific governmental regulations is mandatory for reducing the glitches between the privatised companies and state-owned ventures. Thus, the development of governmental protocols for regulating the operations of private railway monopolies is also a shortcoming.

The fragmentation of the industries is the most important drawback associated with rail privatisation. When taking into consideration the context of the UK, for instance, Hain, 2015 recognises that rail privatisation in this country resulted in the disintegration of the rail network into train operating companies and infrastructure ventures. Identifying the issue associated with taking the responsibility of Hatfield rail crash, this author summarises that fragmentation of industries is an important shortcoming of rail privatisation.

Some of the significant advantages of introducing privatisation into the railways are the introduction of various modern technologies. Alert mechanism for each stop within the train is one of the notable features which assist the passengers in identifying their destination with ease rather than relying upon time or watching out the window for the boards in each station. The advancement of technology has been driven through investments from private companies. Either through the pressure of the competition in the market environment or from the stakeholders in the company, the company is forced to introduce advanced technology to increase customer satisfaction.

Faster train services are another aspect submitted by privatisation (Imashiro and Ishikawa, 2013). Through advancements in technology, the train engines are equipped with high tech gizmos for speedier travel helping the travellers to reach destinations quickly. Punctuality is another factor which makes customers opt for privatisation. The private companies and organisations introduce many factors to increase both brand loyalty and brand reach, hence improved through punctuality. This presents a sense of trust among the customers thus increasing the flow of customers. Cleanliness is another factor which will be implemented by

the private sector. They provide the best coaches for increased comfort of the customers to convince them to opt for train travel more (Haywood, 2016).

One of the chances of major disadvantage is in the occurrence of war, during these times 'railway is one of the major ways for transporting troops across the country, not only troops, but also weapons and machinery. Train transportation is a major transport facility for the middle class and poor people, hence during the time of war, if they disagreed to transport common people, the loss of population would be in scales of unimaginable height. Another problem which has the potential to affect people is the hiking of price. If they were to introduce increased price rate for more profit, this will affect the people badly (Haywood, 2016). Since all the middle class and poor people depend upon the railways for travel, they won't be able to afford the new price. The raising of price is a frequent practice by the private sector for increasing the profit. While considering the case of private companies who provide the product or services which are not provided by others, the pricing of the same is at the sole disposal of the company.

Considering the case of railway operations, it would be better left in the hands of the government. But the infrastructure and maintenance of the same are better for private companies. Since the maintenance function requires fewer funds when compared to the overall running of the railway industry, the private companies can focus their surplus money upon the same. Through the introduction of various technologies, people will also be benefitted. Such partition of work is a significant problem since the sharing of such contracts with the private would not be done to a single company (Imashiro and Ishikawa, 2016). Hence if a problem occurs most of the time and resources would be wasted upon blaming and framing various companies due to their negligence. Considering the case of overlapping departments, it should be given to companies who already have experience if working in that specific department.

Privatisation is more suitable to the industries such as telecom, internet service providers etc which given more preference to profit. An industry like telecom is appropriate for privatisation (Prosser and Butler, 2018). At the same time, there must be state control on privatising sectors like healthcare, education, public transport, etc. where public interest is needed rather than the profit motive. Only the valid regulations and policies of government can control the moderate pricing and better service of private industries. The efficient services will available for all only if there a highly competitive market (Stiglitz, 2010).



According to Mali (2012), privatisation can be complete or partial. Prosser and Butler (2018), noted that in some cases, the government try to completely sell government-owned organisation's assets and responsibilities to private sector firm and in some other conditions, the government sell only operational responsibilities to public sector firms. In certain situations, the government tries to franchise complete rights other than assets or responsibilities to private sector firms within a geographic area. With respect to the privatisation of assets, operations, rights or services, Rezapour, Zeynali and Shahvalizade (2014) in their study mentioned mainly 5 types of privatisations, which are discussed in the next section of this literature chapter.

### **2.2.1 Types of privatisation**

Complete privatisation is a major type of privatisation which not only grants the assets but also the regarding authorities of ownership to the private field, Rezapour, Zeynali and Shahvalizade (2014). In a situation where there is the complete sale of government assets to the private segment, then it is said to be complete privatisation. Government assets are completely privatised through the methods of share issue privatisation, asset sale privatisation or voucher privatisation (Mali, 2012). In share issue privatisation, government sells shares of government to company that can-do business on different stock markets; whereas in asset sale privatisation the whole government asset or organization is sold to an investor. In case of privatisation, ownership shares are distributed to all public for a very less amount or for free (Rezapour, Zeynali and Shahvalizade, 2014). Majumder (2018) noted that complete privatisation is rare in US due to federal restrictions on sharing public assets and due to the market driven economy, but complete privatisations have been found mostly in the economies of Europe in recent years.

Another important type of privatisation is related to the privatisation of operations, (Prosser and Butler, 2018). In this type, the managerial and operational authorities of publicly owned provisions are turned over to private companies. Under privatisation of operations, the companies in private sector create profit through collecting fees from individual consumers of the government asset. For example, transactions related to the maintenance and operation of toll bridges and toll roads (Bel and Foote, 2009).

Contracting out is another kind of privatisation related to the implementation of designated services by a private company under an agreement (Flammini, Bologna and Vittorini, 2011). Lecomte, Pinger and Romanovsky (2016) observe that under this arrangement, the

government makes direct payment for the private company for their services through collecting user fees or taxes. Disposal of solid waste, data processing services, security services are some major examples for these types of privatisation.

Franchising is another kind of privatisation in which a governmental unit provide elite rights to a private sector company to execute services within a geographic section. The private company earns revenue through gathering user fees (Alexandersson, 2009). For example, cable TV networks, gas, electricity, water services.

Open competition is the last type of privatisation in which various private companies are permitted to compete for clients within a governmental authority (Prosser and Butler, 2018). For example, internet and telephone service providers. Alexandersson (2009) finds open competition is not apt in case of certain services like electricity, gas etc since it would not be relevant to have multiple suppliers for these services.

Hence, it can be deduced from the above discussions that in order to enhance the service efforts and customer satisfaction, there exists majorly 5 forms of privatisation: Complete privatisation, franchising, use of contracts, open competition and privatisation of operations. However, there are number of influencing factors why governments adopt specific privatisation. For example, in a research performed by Gonzalez and Kemp (2016) it was found cost reduction and risk transfer as two main influencing factors contributing to privatisation. In another study conducted by Kvint (2010) identifies fresh source of revenue and higher quality of service as major rationale for privatisation. The author also points out the need for economic growth, severe competition, attracting FDI and the mismanagement in public sector also contribute to privatisation. Others such as Ernico (2012) and Hagen and Halvorsen (2009) argued that the absence of expertise, timeframe for project completion and flexibility in private sector also contributed to privatisation.

The ownership of the British railways was passed on from the government to the private hands, and the procedure was carried out in many ways, it was implied from the studies of Begum and Akhter (2017) that passengers services were contracted in 25 blocks to the private subdivision operators. One of the factors that supported the government to pass on the plans to private hands is the nature of rail privatisation. The rail privatisation is carried out either by sequential reorganisation form or through the shock action. The procedure of reforms in the railway sector is complex and can interrupt a sensibly well-organised system with series of values for the economy (Begum and Akhter, 2017). Privatisation can be attained

sequentially, and the repeated privatisation will sequentially lead to the point that is beneficial for the society.

According to the view of Boskovic, and Bugarinovic (2015), bidding process is related to a process where a tender is submitted for undertaking a project. In the construction field, bidding is regarded to be the process that involves submission of a proposal that manages the activities of a construction project. The bidding process initiates with cost estimation from the different material take offs and blueprints, and it was seen that most attractive bidder on business will always win a contract, noted. The tender or proposal is regarded to be an offer to perform a job for a certain amount of price. Lowest tender is not always the feasible one it is only what is used most likely to enhance the contract sum the most through the entire construction project. Thus, through choosing adequate bidder and reform of privatisation, the nature of the privatisation can be recognised and this, in turn, will enhance the operational efficiency. Moreover, rail safety is inclined with the process of rail privatisation so that nature of the rail privatisation has a key role. The presence and absence of winner's curse also determine the nature of the rail privatisation.

As defined by Blainey (2017) winner's curse is regarded to be a reality that may happen in average value sales with incomplete data. The winner's curse says that in such as a common value auction where incomplete information is presented the winner's curse. On the other hand, Dehornoy (2015) observed that winner's curse is a temptation for succeeding bid in an auction for exceeding the intrinsic value of the purchased item. Bidders, in turn, will possess a tough time in finding out the item's intrinsic value as several factors regarding the item is being sold (Dehornoy, 2015). Moreover, it could be also recognised that privatisation of rail has caused increased the competitors because of the emergence of new for-profit organisations that operates in the railway sector.

### **2.3 Factors contributing to privatisation**

Cost reduction is one of the major factors that contribute to privatisation. Gonzalez and Kemp (2016) in their study found that governments frequently outsource operations because the possible cost savings. One can argue that majority of private service providers can deliver similar services as the public service providers but at very low cost. This is because contractors in private sector are not surrounded by the regulations of civil service and the bargaining contracts among public employees (Ernico, 2012). Private contractors are also

flexible in compensation packages and individual projects. This in turn results in numerous private companies providing salaries which can be augmented through effective operations, while public employers seldom have such salary package plans (Hagen and Halvorsen, 2009).

It is also found in the studies of Gonzalez and Kemp (2016) and Hagen and Halvorsen (2009) that the private sector contractors also have the expertise that government sectors do not expect to or unable to afford to offer in-house. These types of services are required seldom that it does make financial means to keep employee with these skills. Example for outsourcing expertise includes engineering and architecture for constructing buildings (Ernico, 2012).

According to Kvint (2010), revenue source can be considered as another key factor contributing to privatisation. Governments use lease/sale of public sector assets such as toll roads, toll bridges, lotteries, buildings etc as a new source of revenue. The lease/sale of these public assets can be sources of high direct or extended fees based on lease/purchase contract (Hagen and Halvorsen, 2009). This new profit can be utilised to make payment on debt, meet budgets or budget new assignments (Ernico, 2012).

Another significant reason for privatisation is the timeliness with which an assignment required to be finished (Ernico, 2012). In certain conditions, the government sector might have the expertise to finish a project but might not be able to finish it within the pre-allotted time because of the lack of time or resources. In such circumstances, privatisation can deliver the government's services and permit a project to keep a timeframe that would otherwise not be reached (Hagen and Halvorsen, 2009).

According to Gonzalez and Kemp (2016), transfer of risk can be a contributor to privatisation in case of certain projects. According to the author, through contracting specific services, the public-sector company is transferring the risks related to those services to private firms for a specific financial sum. Hagen and Halvorsen (2009) points out that in these risk exchanges, the private firm gets the financial sum for performing these services, but also takes the responsibility of the risks that these services may cost high or take long time to offer than expected when contracting to perform them. Through agreeing these types of contracts, governments are capable to finance as future budgets are less changeable (Ernico, 2012).

Another important reason for privatisation is the need to increase competition in a specific industry (Bowman, 2015). This is achieved by opening a sector for competition. An enterprise owned and operated by the government can be identified as inefficient due to the

factors of overstaffing, high dependence on subsidies and the inadequacy of competitive strategy. However, the privatisation of public sector will slash these problems as it is not concerned in providing subsidies and intake of additional staff. Hulsink (2012) identifies the reduction of government expenditure as one of the main drivers of the adoption of privatisation, especially in developing nations. As the government focuses on the service concept the expenditure of the state can be identified as inappropriate to the revenue, hence the privatisation becomes a wise option for cutting down the government expenditure.

Privatisation also helps in attracting Foreign Direct investment, Mukherjee and Suetrong (2009), points out that Foreign Direct Investments plays a substantial role in the achievement of economic prosperity of a nation and privatisation is the appropriate way to gain it. From the studies of Nandan (2010) and Ademiluyi and Dina (2011), it is understood that attracting FDI is an important driver of privatisation in emerging markets such as India, Nigeria etc. With the advent of increasing competitions, the privatisation of any industrial sector also inflicts a direct influence on the service quality of the companies operating in the market.

The service quality offered by public sector firms can also be a rationale for privatising an asset or service, Rezapour, Zeynali and Shahvalizade (2014) The quality of products and services produced in a public sector has the chances of not meeting the minimum standard. In addition, it is visible that the quest for producing quality products and services has never in concern as the officials in the sector don't pay attention to it. Enhancing the value of the services and quality of the services, privatisation is an important constituent that determines the operational efficiency of any industrial sector (Molinos-Senante and Sala-Garrido, 2015). Privatisation has also an influential role in ascertaining the industry-specific factors. Determining the industry standards and benchmarks, privatisation has an imperative role in contributing to the industry-specific standards, states Molinos-Senante and Sala-Garrido (2015).

Mismanagement of the public sector becomes another factor for the privatisation. According to Poister (2010), the public sector is cursed with the financial and resource mismanagement due to the lack of attention by government officials. He further added that the mismanagement could be shattered by privatising such public sectors. Besides the mismanagement, corruption also plays a vital role in the diminishing of the public sector and paves the way for privatisation. According to the views of Rose and Palifka (2016),

Privatisation will cut down the corruption rate of the sector. They further added that the control of officials by a private agent would bring the fear of job security among the officials.

The flexibility in private sector can be another factor contributing privatisation. Because of collective bargaining contracts, the public companies are not able to recruit or discharge staff as simply as the contractors in private sector can (Gonzalez and Kemp, 2016). It is deduced from the research of Kvint (2010) and Erinco (2012) that private contractors are highly capable of coping with the nomadic demands of some works which demands a huge cost for labour in some seasons of the year and less in other seasons. This can permit the public firms to finish projects without the constraints and amount of recruiting and releasing staff (Erinco, 2012).

According to OECD (2013), one of the main factors contributing to privatisation is the need to spur economic growth. There has been ample evidence in previous studies such as (Robert (2017), Ibanga (2012) and Önis (2011) that privatisation is extremely effective in enhancing economic growth in certain sectors. The factor economic growth is clearly visible in the case of privatisation (Önis, 2011)). Economic stability is the substantial difference between a public enterprise and private enterprise (Ibanga, 2012). It is identified from the work of Önis (2011) that a private sector gains higher economic growth in compared to the public sector, due to the driving force of personal interest. On the other hand, Poister (2010) point out that in case of the public sector, the management is less concerned with the outcome of the firm or sector as it does not affect the revenue of the employees or the management. Thus, from the views of Önis (2011) and Poister (2010), it can be deduced that the economic growth of a public sector remains in backward and stagnant condition having more expenditure on employee payments regardless the revenue of the sector.

Hence, it can be understood from the above discussions that there exist number of factors such as cost reduction, flexibility, timeliness, service quality, risk transfer, revenue sources, expertise, economic growth, mismanagement in public sector, gain of FDI and severe competition that influence governments to turn to privatisation. Some factors alone or together contribute to public-private partnerships which have happened across the world around the past few decades.

According to the study of Marinov et al., (2014), cost reduction, economic growth and risk transfer can be taken as the major factors contributing to the privatisation of toll roads, toll tunnels and toll bridges in the US. In another study, Wanke and Barros (2015) mentions

service quality, expertise and flexibility as the key rationale for privatising services such as electricity, water and gas services in most countries such as US, Europe and Japan. On the other hand, Dehornoy (2015) in their study finds economic growth, improvement of service quality and cost reduction as main factor that contributed to the privatisation of bus, airline and rail transport in countries like UK, US, Canada and so on. Not only economic and service quality factors but the issues related to the mismanagement of rail networks and finance also lead to privatisation of London Overground rail network in UK which took the government out from having upfront involvement in the railway finance and management constraints (Engel, 2013). The London Overground privatisation in UK was followed by the privatisation of renowned UK rail network 'British Railways'. The next section of this literature review will discuss the privatisation of London Overground which is the case organisation for this research.

#### **2.4 Privatisation models**

Privatisation covers a varied choice of actions mainly as the transmission of goods and amenities away from the public sector. According to the view of Drakeford (2018), the poor presentation of the public initiatives led to transfer to privatisation. According to the study of the Winchip et al. (2019), the complex cost of public comparative to the private facility of municipal facilities are occurring in the United States. Moreover, it can be clarified as the method of selling the government possessed initiatives to the private, local and foreign depositors. Privatisation has many objectives such as endorsing economic productivity by nurturing well-functioning markets and competition, developing the capital markets, encouraging employee share ownership and reducing public liability and public sector borrowing requirements (Bean, 2018).

There are various methods of privatisation; these include privatisation through compensation, privatisation through a deal of state property and voucher privatisation. From the view of Drakeford (2018), privatisation does not improve the efficiency, competence or deal. One of the significant advantages of privatisation is the exclusion of industries and companies from government involvement and the public funding cycle. Winchip et al. (2019) explained that some people oppose the view of privatisation as it gives rise to the private control, may lose the path of the public interest, may lead to financial disadvantages and challenging to maintain the attention of weaker groups. From the view of Howard (2018), there exist some benefits in case of the privatisation such as efficiency gains, enhanced sensitivity to market forces, enhanced tractability and efficiency and separation of power.

There are many reasons for public creativities; they often do less financially than private enterprises. In addition to that, public owners are the director of the public enterprise does not have much money to run their business. They are less interested in the success of the enterprises. According to the view of Bel et al. (2018), in the case of public enterprises, there is no direct link between the enterprise's economic act and management's loss. Moreover, the easy option and admission to public investment mute the risk of insolvency, and this inspires satisfaction. Bean (2018) mentioned that the directors of the public enterprises likely to be pleasant gentlemen not active, innovative manufacturers aware of economic markets. In addition to that, the study from both manufacturing and emerging countries recommend that public enterprises that function in a more modest environment and are aware of market forces perform better. From the view of Howard (2018), public enterprises are becoming a burden to the community, and these are the damaged instruments of public rule. According to the view of the Bel et al. (2018), it has been found that several points are showing the public enterprises are money dropping schemes. They are economic incompetence in the manufacture of goods and services by the public sector, delays in the delivery of goods produced, futility in the delivery of goods and services. Moreover, the rapid expansion of the bureaucracy, damaging the public budget with huge debits of public sectors and poor financial performance of the public enterprises results in huge financial losses and burden of extreme debts are also included.

There are several key models for privatisation. According to the view of Chen et al. (2017), in case of leasing model, the ability is mainly planned, created and funded by the private sector. After that, it is rented back to the government for some pre-determined period with an agreement in rent. Woodrow and Press (2018) explained that rental costs are basically the cost of construction and money, and it is usually 9-10% of the share costs. In this period of lease authorised ownership of the facility rests with the private sector partner, at the end of the contract the government has the option to renew the lease or leaving this facility in the hands of the private sector (Lee and Lam, 2017). During the lease period, the operation and maintenance are controlled by the government. According to the view of Woodrow and Press (2018), this way of procurement offers government with a way of financing large scale infrastructure out of on-going revenue rather than out of the capital expenditure. Still, the primary disadvantage is that legal ownership remains with the private sector. According to the view of Shaw (2019), it is also common for this type of plan for the government to donate to the first manufacture, perhaps by collecting and providing the essential land and exterior services.



In the case of the pre-financing model, it is like the model of the leasing model. Walker (2016) explained that the main difference between both these models is in the pre-financing model the private sector will primarily create and invest for the project. According to the view of Shaw (2019), here the government will be disbursing all the assets together with the financing changes but with pre-agreed costs in some arranged period. Richards (2019) explained that the government need to make available the land free of cost, planning of the route arrangements to get the required scheduling permissions. Moreover, the last full project must be organised by the government with tenders in case of the funding and creation; otherwise, the ending design may be assigned to the contractor on design, business and build basis. From the view of Cuadrado-Ballesteros and Peña-Miguel (2019), the tenders can be considered as the offers to fund and build the works to some agreements concerning the serious of payments in an approved period. In addition to that, the government wants to prepare the facility and to deal with procedure and repairs to the private sector.

From the perspective of Richards (2019), this can be defined as an approach where the ownership of the complete facility wants to pass to the government and the costs should be provided immediately after the completion of the construction work, more incentives will be initiated for completing the work in a short period. Moreover, the effective advantage of this model is to the developer; all the market risks will be maintained by the government while the developer only needs to handle the time and cost during the construction work and want to check if any change occurred in the cost with the actual capital.

Cuadrado-Ballesteros and Peña-Miguel (2019) explained that the development of the above two models was used for the redevelopment of the motorway in Germany. But, here the annual payments from the government are based on traffic in the city or according to the number of vehicles on the road and have varying fees for vehicles. From the view of Lee and Lam (2017), both models are defined as a burden for everyone. Walker (2016) mentioned that if the traffic flows are fewer, then the developer will suffer, but if the traffic flows are higher, then it will be a headache to the government. Due to the difficulties in the payments in the government, certain concession-based methods are used for operating, funding, constructing and designing facilities.

## 2.5 Cases of railway privatisations

Privatisation in railway takes a unique form due to its sophisticated public/private use dimensions along with the complications of industrial policies and state ownership portfolios. The study of McCartney and Stittle (2017) has shown the distinctive structural issues that interfere with the reforms associated with the rail enterprises. The findings specify that there should be distinct change management techniques that are specially adapted for railway restructuring. In addition, the study of Kopicki and Louis (1995) indicated that these changes and shift in ownership portfolios are influenced by the changing political scenarios and competitive market pressures.

As stated by Kopicki and Louis (1995), primarily, the railway restructuring is preceded through either a top-down or bottom-up approach. In the first approach, the government devices an organisational structure which is followed by the implementation of a transition plan whereas the second approach is characterised by the increased indulgence of the private sector in the restructuring processes. This is further supported by the findings of Besanko and Cui (2016) which state that the railway services are provided using a mixed channel involving both private and public entities. This section evaluates some of the different railway privatisation models executed by different countries.

**Japan:** The privatisation in Japan was initiated in 1987, and it pioneered in the significant efforts laid by the government for privatisation. This involved the segmentation of state-owned railway into one freight and six regional rail companies. The five companies are JR central, JR East, JR Kyushu, JR West and JR Freight (Casullo, 2017).

Another aspect of this privatisation was that this enabled these companies to indulge in large real estate functions. These private firms provide commuter services and thus serve a key role in facilitating the daily travel needs of the public.

Furthermore, the private sector railway companies of Japan run infrastructure services.

As noted by Casullo (2017), one of the fundamental specialties of Japan privatisation is that the train and track operations are functioned under one leadership. The key implication of this management approach is that it enables quicker decision making. Furthermore, there is no subsidy for private companies in Japan and, this enabled the privatised firms to keep the fair price in line with the inflations.

As noted by Smith and Zhou (2018), these reforms helped Japan in improving the productivity and services whilst decreased fares and operating deficits.

**Italy:** Italy stepped into privatisation to combat the debt loads faced by the state. The government privatised 40% of the Ferrovie Dello Stato. FSI works through Trenitalia and RFI which manage train operations and infrastructure separately. With this privatisation, the country aimed at the obtainment of resources for reducing the debts (Clifton et al., 2013). As a part of the reform, Rete Ferroviaria SpA (RFI) would remain under public ownership. This implies that Trenitalia is working as a private monopoly. However, as argued by Del Mont. and Price (2015), this privatisation has not promoted any significant impacts related to the train services to the passengers. This because, the government has not liberated the privatisation efforts and thus, has not been able to solicit competition and thereby, failed to exert any significant impacts on the passenger services.

**USA:** USA reflects a unique model of railway privatisation and, this because the government had not advanced nationalisation to full extent. Instead, the government took charge of the passenger services alone in 1971, through the formulation of Amtrak. The implication of this is that the state-owned passenger services had to operate through privately owned tracks. This implies that, the USA has privatised the freight services primarily. The domination of privatisation of the freight segment could be understood from the geographic peculiarities of this nation (Shaw, 2019).

While the state owns the commuter networks and long-distance, the freight services make use of the privately-owned tracks. The use of these mixed ownerships, however, has led to priority conflicts and impacted punctuality of the operations mainly. Recently, a new privatisation project has undertaken by Florida, titled as 'Go Brightline' which will provide with privately operated passenger trains, and the critical implication of this is that tracks and trains will be functioned under similar operator (Libertarian Home, 2019).

**Australia:** This country has taken a mixed approach towards railway management involving both private and public ownership through the adoption of concession/franchising model. The privatisation efforts have begun in 1996 which proceeded by the selling of National Rail Corporation and National Railways Commission (AN). The prime objective behind these restructuring was to lower the costs and to provide competitive services to the passengers. During the initial period, this privatisation led to the establishment of the profitable improvements in terms of passenger services (Cardew, 2017). Nevertheless, the profits were not adequate for covering the capital costs required for the maintenance of the infrastructure. The recognition that substantial investments need to be placed for the maintenance works has

made the private ownership rethink about the reform decisions. Another aspect was that as in the case of New Zealand, the freight volume began to decline deviating from the initial profitability. Consequently, Tmaz rail (private rail operators) started negotiating with the government for advancing resale which led to the de-privatisations. Consequently, the government further took the responsibility for the up gradation and maintenance of the rail infrastructures. Thus, this case could be regarded as the shifting of asset ownership from the private hands to state implying a model of de-privatisation (Abbott and Cohen, 2016). Nevertheless, passenger services continue to operate under private ownership through the availing of contracts. The continuing of the tendering of contracts has enabled the sustenance of the competitions. However, as shown by the report of Williams Railway (2019), this could not lead to a reduction in the government subsidies.

**Switzerland:** In contrast to these above-said cases, Switzerland operates a railway through public ownership only. The specificity of this case is that it is held as one of the best rail service in the entire Europe (Yazdani et al., 2019).

**Sweden:** Sweden is another prominent case of using a mix of public and private operators. The infrastructure is operated by the state-owned, Trafikverket whereas the commuter services are run by competitive tendering (Palmqvist et al., 2018).

**France:** In this country, the country's rail traffic is operated by the state-owned railway company, SNCF (Société Nationale des Chemins de Fer français). The operations of SNCF are further separated into infrastructure (SNCF Réseau), freight and passenger services (SNCF Mobilites). However, the report of Railway Technology (2018) indicated that the existing rail network of the country is challenged by the heightening debt levels. As of 2017, the debt level has reached €46bn which continue to raise at a rate of €3bn. This has led the government to take reforms shifting towards privatisation. As of now, France is undertaking initiatives for accomplishing this objective.

The below table summarises the different extents of railway privatisation adopted by the different countries.

<i>Countries</i>	<i>Public ownership</i>	<i>Private ownership</i>
Switzerland	<ul style="list-style-type: none"> <li>• SBB is under public ownership</li> <li>• Management of infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Limited Freight operations</li> <li>• Trans-alpine lines especially</li> </ul>
Sweden	<ul style="list-style-type: none"> <li>• Functional separation of trains and tracks</li> <li>• Infrastructure is under public ownership</li> <li>• Which include a major share of railway stations</li> </ul>	<ul style="list-style-type: none"> <li>• Regional and suburban services</li> <li>• Some long-distance services</li> </ul>
Netherlands	<ul style="list-style-type: none"> <li>• Mostly under government ownership</li> <li>• Passenger services</li> <li>• Infrastructure</li> </ul>	Very limited Contracted passenger service offerings
Japan	<ul style="list-style-type: none"> <li>• Fully integrated privatization</li> <li>• Railway companies under public ownership are in loss.</li> </ul>	<ul style="list-style-type: none"> <li>• Passenger and regional railways.</li> </ul>
Italy	<ul style="list-style-type: none"> <li>• Separation of train and tracks</li> </ul>	<ul style="list-style-type: none"> <li>• Offering of high-speed rail</li> </ul>
German	<ul style="list-style-type: none"> <li>• Functional separation of train and tracks</li> </ul>	<ul style="list-style-type: none"> <li>• New entrants</li> <li>• Some long distance services</li> </ul>
France	<ul style="list-style-type: none"> <li>• Track and train separations</li> </ul>	<ul style="list-style-type: none"> <li>• Passenger and freight services</li> <li>• Open to competition</li> </ul>
Australia	<ul style="list-style-type: none"> <li>• Predominantly state ownership in long distance and regional services</li> <li>• Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Some freight and suburban services</li> </ul>
USA	<ul style="list-style-type: none"> <li>• Intercity, regional and freight services owned by public ownership</li> </ul>	<ul style="list-style-type: none"> <li>• Vertically integrated freight operators</li> <li>• Contracting of regional and commuter services to private companies.</li> </ul>

Table 2.1 Different extends of railway privatisation adopted by different countries

From the above table, the ownership of the railway has gradually opened to the market competitions. For example, in the case of EU, the recent execution of the fourth railway

package has established the right of private ownership for operating the passenger services (William Railway, 2019). Another aspect of this is the improvement in the equal accessibility of services related to railway infrastructure. Furthermore, it mandates that the contracts should be made through the execution of public service tendering process. All these initiatives have made a significant impact on the privatisation efforts. However, in some instances, public tendering is avoided for assuring that the services are under public ownership.

Another key insight from the analysis is that privatisation has taken several forms. Whilst some countries conferred passenger services alone to private entities, the attribution of entire services, including infrastructure and rails, could also be in the successful case of Japan. Furthermore, the failure of state-owned enterprises in maximising the profitability in the railway could be assessed from the case of France. At the same time, the case of Switzerland contradicts this by showing the success of the public ownership in offering a service. This dissects the popular misconception that only privatisation lead to profitable outcomes. Nevertheless, in most of the cases, impact on improvements in terms of profitability and customer satisfaction were not registered even after the privatisation (Railway Technology, 2018).

Another key insight from the evaluation of the railway privatisation cases is that most of the privatisation occurred through contract tendering and franchising models. The implication of using this approach is that it helped in sustaining the public ownership whilst promoting competition in the sector.

## **2.6 Lessons learnt from rail privatisation experiences in other nations**

The railways in sub-Saharan Africa exhibited a state of atrophy and underdevelopment. The level of development did not go further from the colonisation days of this majestic yet devalued continent. The railway system in Africa depicted almost negligible development except in South Africa where well developed and dense railway systems spread up to the Democratic Republic of Congo (DRC) (DeBod and Havenga, 2010). Alegi (2010) observed that in the late 1970s, plans and proposals were made for developing up to 26,000km by the union of African Railways. Even though the present scenario suggested developmental efforts

worth of about 70000 km, the strategies remained as mere proposals due to the lack of adequate fiscal back up to accommodate the developmental infrastructure.

The privatisation of railways in landlocked Africa encountered considerable criticism and oppression from numerous government authorities. Société Nationale des Chemins de Fer du Congo in DRC, Transgabonais in Gabon, Companhia dos Caminhos de Ferro da Beira in Mozambique, Sitarail in Côte d'Ivoire, Burkina Faso and Camrail in Cameroon were some of the major beneficiaries who received fiscal support from World Bank through their FDI (Ademiluyi and Dina, 2011). However, Josiah et al., (2010) depicted that the privatization did not pan out as expected, as the concessional contractors often failed to maintain consistency in the service offerings and quality. Djibouti-Ethiopia railway transport under the private authority incurred considerable economic backlogs during the early 2000s even though Camrail and Sitarail exhibited significant fruition from the privatisation efforts in the same period. The failures were mainly attributed to the lack of awareness of the governing authorities about the rules and policies set forth by private companies and contractors, thus inflicting burdens on the governments in the form of debt (Tan, 2011).

Numerous Latin American countries followed the concession-oriented privatisation trends in Africa. Brazil, Mexico, Argentina, Chile, Guatemala, Peru, Bolivia and Costa Rica were some of the key improvisers of the privatisation in the late 1990s (Ozkan, Yanginlar and Kalayci, 2016). The privatisation efforts were often efforts undertaken by the corrupted governments in numerous Latin American countries to deviate their monetary risks to private bodies. Initially, the governments condemned the privatisation for its deteriorating effect on the structural adjustments and monetary stabilisations. However, the lack of adequate fiscal back up made it impossible for these governments to support even the basic infrastructure necessary for establishing sound transport infrastructure (Laurino, Ramella and Beria, 2015).

Wanke and Barros (2015) observed that the dilution of risks from the public sectors and enhancement of stability in governance systems were primary motives behind the increased support associated with privatisation in these underdeveloped Latin American economies. The World Bank and its associates were key enforcers of the fiscal backup involved in the privatisation oriented infrastructural development in South America. The concession-oriented privatisation in the Latin American railway systems often followed separate strategies for freight and passenger transport. The government usually held authority for the passenger domestic business developments. The private supports in the Latin American

countries were mainly through offshore debts, debt-equity, government guarantees and bridge bank loans. The privatisation of railways in the Latin American countries played a vital role in enhancing trade relations, improving telecommunication and infrastructures, even though numerous issues associated with serious debts and exploitations were prevalent (Bosch-Domènech and Montalvo, 2017).

In the early 1990s, the Canadian national railways (CN) began one of the most noted and biggest rail privatisation efforts in the transport sector. The primary motives behind the privatisation strategies were to enhance functional efficiency and productivity. However, the inception of privatisation marked a considerable loss of jobs resulting from the selling of numerous branches and positions which were deemed unnecessary under new developmental efforts (Boardman et al., 2009). The initial public offering (IPO) of the CN in 1995, following the Commercialization of CN act 1993 marked considerable growth for from the use of more efficient the use of more efficient transit facilities alongside rationalization efforts in the networks, thus indicating considerable growth in the stock prices. The late 1990s witnessed significant growth with the transport lines expanding to Mexico through collaborative efforts with Kansas City Southern Railway alongside feasible NAFTA (North American Free Trade Agreement) railway systems (Gomez-Ibañez and Meyer, 2011).

Boardman, Vining and Weimer (2016) observed that the CN was once considered as an insignificant industrial sector which has presently expanded across 16 US states and 8 provinces in Canada all the way to Mexico covering over 20,000 miles and 250 billion Canadian dollars' worth of good on an annual basis. The CN has maintained consistency in the shareholder value, functional efficiency and operational proficiency following the IPO days in the 1990s. The 20-year history of privatisation marked considerable transformation boasting enhanced connectivity between various industrial segments and economic classes by integrating adequate policy frameworks (Ozkan, Yanginlar and Kalayci, 2016).

India maintained an adamant attitude towards the privatisation from their independence from British colonisation era. However, in 2017, the country has taken minor efforts to partially privatise about 23 railway stations through private-public partnerships. The country has allowed inflow of FDI for the support activities from countries like Japan, South Korea and Malaysia by thoroughly studying the privatisation models in the USA, Sweden, UK and Germany amongst others (Malhotra, 2017). Experts suggested that the Indian railways run more than 12,600 freight and passenger services connecting the vastness of the nation,



employing over 14 lakh (1400 000) individuals. The privatization was expected to bring forth issues associated with monopoly including producer-centered attitudes and exploitation of wealth alongside diminished responsibility and accountability that may question the public trust on this humongous service sector (Gangwar and Raghuram, 2017).

The empirical evidence of the benefits received by customers from Canadian rail privatisation was calculated by Boardman et al. (2013) in their study. This study adopted social welfare cost-benefit analysis to estimate that rail privatisation led to a total social benefit of \$24.5 billion across three major areas; producer surplus of \$13 billion from lower cost of good transportation, governmental benefit of \$11 billion and \$0.5 billion consumer benefits. This study revealed that though consumers received benefit from rail privatisation, the main beneficiaries of rail privatisation were producers and government.

A few studies on rail privatisation focus on the rail privatisation process and its effects on social benefits and performance outcome of the rail privatisation (Friebel, Ivaldi and Vibes, 2010; Boardman et al., 2013). The existing studies in this area identify two main types of rail privatisations; shock reforms and sequential reforms. Shock reforms are policies which aim at privatising the rail service in a single stroke of policy making. On the sequential reform adopts long-term approach to rail privatisation and gradually privatise the ancillary functions of the rail service such as repair, track laying and security before moving on to privatisation of core services (Boardman et al., 2013). The consensus in the existing studies is that sequential reforms are far more effective in privatising rail services in manner that is beneficial to the society and drives performance improvements (Friebel, Ivaldi and Vibes, 2010; Boardman et al., 2013).

The study of Friebel, Ivaldi and Vibes (2010), for example, analyse how rail privatisation affected operational performance by collecting data from several EU nations. The study was pivotal in outlining the many benefits of sequential reforms of rail privatisation in comparison to shock reforms. It is also identified from this study that it was near impossible to replicate the reform strategy employed in one nation in another nation because of effect of country-specific factors on the outcomes of rail privatisation. This rule out the scope of a one-size-fits-all approach to rail privatisation. Another implication of the findings of Friebel, Ivaldi and Vibes (2010) is that it places question marks over the efficacy of cross-comparison between the results of rail privatisation across nations as the rail privatisation process and social experience associated with rail privatisation differs vastly from country to country.

## 2.7 Country-specific factors affecting rail privatisation

The several country-specific factors affecting the rail privatisation are customer service, fares and timetable, safety, investment, profitability, efficiency, political control, punctuality and reliability are the factors as observed by Tolley and Turton (2014).

**Customer service:** According to Forsberg (2016), to produce income and revenue in the organisation the customer service plays the significant role. In the UK railways, among the national rail passengers, the passenger satisfaction has increased from 76% in 1999 to 83 percent in 2013 as observed from the survey and the unsatisfied customers have been dropped from 10% to 6% percentage. However, in the year 2000 after the Hatfield rail accident, there have been service issues in the railways that are affected several months later.

**Fares and Timetable:** According to Woodburn (2015), certain basic components or elements of the timetable are regulated to attempt guard passengers' interests and fares. However, according to Tolley and Turton (2014), on altering the unregulated fares the Train operating company (TOC) had a certain amount of opportunity and could implement the changes in the number of trains within certain regulatory and practical limitations. The fare which was implemented during the period of British rail was less after the privatisation. Further, it has also been identified that after the privatisation of the British rail there are more trains that are running and that attracts customers.

**Safety:** According to Kuipers et al. (2014), after the privatisation of the railways in the United Kingdom, there have been several safety measures taken. Further, when compared to the previous years, the rate of improvement on the safety measures has been improved. Further, it has also been observed from the research of Forsberg (2016), that the European Railway Agency's report for the year 2013 has stated that in Europe, Britain has the safest railways which depended on the number of incidents that occurred on train safety. However, before the privatisation of British railways, there were several accidents took place such as Potters Bar rail crash in 2002, Ladbroke Grove rail crash in 1999, and so on.

**Investment:** According to Woodburn (2015), after privatisation, there has been a lot of investment when compared to earlier that is around nine-fold increment that is from £698m during the year 1994 to 1995 to £6.84bn during the year 2013 to 2014. The more investment has made in the projects such as in-cab signalling, speed improvements, Thames link programme and electrification process.

**Profitability:** The evaluation of Centre for research on Socio-Cultural change has defined that in the year 2012 it has been observed there has been the huge increase in their profit that is around 147 percent of the increase. However, from the report of fullfact.org has stated that after paying the debts and subsidy there has been only 3.4 percentage profit.

**Political control:** According to political control was the major factor which affects the rail privatisation. For promoting the privatisation by the British, Railways was they could remove the sector railways from the short-term political control which could severely affect the industry like railways, and further, it also requires the investment based on long-term as noted by Tolley and Turton (2014). However, it has been observed that after the privatisation, the British Railways has been more under government control when compared before.

**Punctuality and reliability:** Before the privatisation of the British rail it has been identified from the observations that it was more punctual than after the privatisation. However, in the year 2000 after the Hatfield crash, there has been the improvement in the punctuality and reliability on the British Railways.

The notion that rail privatisation in Britain led to decrease in rail fares was challenged by Wellings (2013). The study of Wellings (2013) posited that the decrease in rail fares in post rail privatisation era was mainly due to the rail capping strategy adopted rail franchises in the immediate period after rail privatisation. This is evident from the fact that rail fares returned to pre-privatisation era levels after 4-5 years of privatisation. Despite the debate surrounding the impact of privatisation of railways in Britain, one clear point emerging from existing studies in this area is that rail privatisation helped in improving the financial performance of railways (Jupe and Funnell, 2017) and helped in generating a positive image for British railways (Boardman et al., 2013). The improvement in overall image of British rail can have positive effect on marketing capability and brand equity of railway services. However, these improvements do not significant direct effect on customer satisfaction as customer satisfaction in railways is mainly influenced by service cost, travel time, punctuality, safety, reliability and cleanliness (Flammini, Bologna and Vittorini, 2011; Lecomte, Pinger and Romanovsky, 2016) and not by brand image of the railway service.

The rail privatisation in Japan and its effect on rail safety was studied by Evans (2010) by comparing pre-privatisation and post-privatisation accident rates. The study identified that rail privatisation did not have any effect on safety performance of railway services as the rail accident rates remained like pre-privatisation levels. Evans (2010) justifies this lack of impact

of rail privatisation on safety performance by noting that the core aim of rail privatisation was improving financial performance of railways along with restructuring of the organisation. However, Clark (2011) points out that restructuring of organisation create performance issues and often result in increased safety issues in railways companies in the immediate period after privatisation. But this assumption does not have empirical backing as the studies of Evans (2010) and Jupe and Funnell (2017) as they found no evidence of decrease in safety performance after rail privatisation in Britain and Japan.

The impact of privatisation on the British Rail has been observed and identified in this section which enabled the detailing of required information. According to the above discussions and analysis, it is evident that the advent of privatisation has significant influence on the successful operations and functionalities of British Rail. The key emergence of privatisation was accepted under the occurrence of Hatfield crash of 2000 which showcased significant impact on the railway systems and functioning.

According to Wolmar (2012), the outcomes of the British rail privatisation has been disappointing as rail privatisation failed in meeting its initial goals and objectives. One of the main objectives of British rail privatisation was to decrease government investment in railways and thus reduce the burden on public exchequer. However, the review of the outcomes of the rail privatisation reveals that government investment through indirect and direct subsidies in railway sector has increased between 1987 and 2012.

Reports stating the transportation facilities of Britain illustrates that the first privatised train service initiated was the running of a bus. Studies on the reports have been stating that passengers who have been travelling from Fishguard to Cardiff drove themselves an A40 trunk road. The reports of Jupe and Funnell (2015) stated that engineers of the age formed a novel innovative idea of privatisation replacing railway system services between the places of Fishguard and Cardiff. The so formed train drivers of the privatise train service exclaims honoured work between the places Twickenham and Waterloo. Though the advent of privatisation emerged two decades prior, drivers' union oppose the being for the train privatisation and the looting strategies being performed behind screens (King, 2017).

On the other hand, train performance has been remarked to have improved significantly with the existence and emergence of privatisation. According to Cowie (2015) the performance graph was observed with improvement during the initial phase of privatisation which subsequently led to deterioration for the consecutive three years. Nevertheless, the

privatisation approach showcases increased improvement statistics on the reports published lately. The studies and findings of Jupe and Funnell (2015) further illustrates on the train service delays due to passenger turn down towards the service usage in comparison with 1995/96. Those performance benchmarks between the services that existed among the TOCs and Rail track as well as between TOCs and OPRAF/SRA offered with penalties and rewards that was remarked below and above the target points. The above scenarios led to the increased performance of British Rail privatisation.

Further, on the enhancement of privatisation performance of British Rail, it was noteworthy that the performance failure and primitive structure making impossible on the privatisation approaches (King, 2017). Nevertheless, the gains from the performance of privatisation could be in comparison with the changes and modifications taking place. The improvement rates were recorded on the growth background of passenger miles and between passenger train miles of 28% and 11%.

The failed performances of privatisation have led to the success and upliftment of the approach on British Rail privatisation on future perspective. With the overcrowded train services and aging structural entities, the privatisation attempts were signalled towards failure. According to Makovsek et al., (2015) participation of administrative authorities would have limited the failure proportion on the British Rail privatisation. Nevertheless, the attempts made by the privatisation approach signified immense economic growth and support to British residents.

Reports of King (2017) justified that the performance of train service gained its peak under the ownership of public respondents. The overcrowding of trains leads the circumstances to worst cases where four trains out of ten train services operated under the London market undergoing increased crowding of passengers. According to Jupe and Funnell (2015) the key reason on the crowding of passenger trains was remarked as the persistent ownership of administrative authorities with the unprecedented economic growth statistics. Furthermore, the data gathered on the asset condition remarked on the declining network structure and privatisation of the British Rail on the foreseen of passenger trains.

The increasing number of rails deteriorated over the impact of privatisation was remarked as the asset condition of the Britain approach. According to the studies and findings of Cowie (2015) as well as King (2017) the arguments of regulator on the increased investments of rail tracks by organisations during privatisation as insufficient regarding the growth level of rail

traffic. The additional investments and usages persist to be unclear under the ownership of government. Further arguments on the asset conditions are widely incorporated with the investment rates of organisational capital levels without any effect over the operating costs analysis.

Reports have been stating on the commuter trains that are most likely to be overcrowded. Certain train tickets are on its verge of incrementing ticket price tags reaching towards £1 per mile where the prices would be paid on the spot ticket counters rather than face charges (Jupe and Funnell, 2015). Further reputations were incorporated on the unconditional delays remarked as the “the wrong kind of snow” as well as “the wrong kind of sun” within the global lexicon with the ease of pledge by Jeremy Corbyn on the renationalisation of railways supporting over the wider perspective that included the voter conservations.

Aggregating over the situational analysis in prior to the Hatfield Crash data interpretations defined outputs of high quality on privatisation. Nevertheless, the segregated rails and its increment in line with the overcrowded trains turned out to be more sophisticated (Bowman et al., 2015). Whereas the performance of train with its improvements degraded the SPADS with neither any evidence nor any suggestion towards the deteriorating safety measures. Thus, analysis on privatisation performance was in concern of the quality position before and after the occurrence of privatisation evolution (Makovsek et al., 2015). On the other hand, the privatisation comparison on the present scenario continues the ownership of public.

Further in support of this experiences and testimonies were investigated in the last days of British Rail with numerous evidences on the improving performances of train services during the time of increased traffic growth in 1980s. Based on this analysis Jupe and Funnell (2015) stated that the unlikeliest of quality product and service output with the improved counterfactual on the considerably worst conditions of privatisation into British Rail. Though the train performance has deteriorated under the Hatfield accident with the rail track responses and the closing network parts.

The industry had provided with significant association over the financial hit with the result on the argument of costs setting over the report saved. On the closure of privatisation programme reflecting on the cost and quality measures were emerging on the upcoming years. According to King (2017) and Bowman et al (2015) the lower risk reflection on the tolerance of risk factor on the privatisation. The British Rail would have neglected on the adoptions on the passenger risks that has been facing. Nevertheless, the value reductions on

the passenger train overcrowd and its deteriorating performance influence the existence of privatisation.

Further on the administrative announcements and publications of rail track it has been immensely signified on the importance of privatisation of British Rail. The crucial structure and network investment of British Rail online the privatisation was regarded on the financial statement of future activities. Bowman et al (2015) analysed and justified the findings of Cowie (2015) on identifying the performance of privatisation, it was evident that the use of cost benefit social framework on British Rail privatisation. The subsequent fiscal year on the other hand emphasised on the privatisation period lounge project on British Rail.

A conclusion on the performance of privatisation of British Rail signifies the industrial outputs to have risen in line with the British rail privatisation. The passenger miles, freight and passenger train miles were identified to have grown under the percentage rate of 21%, 19% and 13% respectively. On the other hand, the cost of operation was declined to a percentage rate of 6%. Thus, resulting on a unit cost fall on the periodic value rates of 17% (King, 2017). Nevertheless, the rail system gained financial accounts rate for 13% on the attempt of privatisation.

Further, the rail track performance in succession to the privatisation was identified to have signified the public ownership attainment. In line with the five-year privatisation attempts of Britain administration an approximate rate of 1% rise was observed. On the other hand, King (2017) identified that the central circumstances and scenario of the counterfactual assumptions on the privatisation of British Rail saved annual income to a percentage rate of 1%. The efficiency of privatisation and restructuring on a central scenario was in account to the savings rate of 80% accumulating for £800m in comparison with the counterfactual public ownership. Nevertheless, the arguments of Bowman et al (2015) stated that the attainments of savings that has been rolled into the future and the total savings forwarded into the central scenario for the reduction of restructured cost.

The benefits of consumers have been considerably privatised in line with the British rail privatisation. Further, the result, governmental affairs and the producers have been gaining significant annual assets from the British Rail privatisation. Makovsek et al (2015) suggests on the arguments on the output quality that was identified residing towards the lower level of privatisation. Despite all the commotions and the safety measure considerations the rail system safety performances were valued during privatisation.

The post Hatfield crash has paved significant space for the emergence and evolution of British Rail privatisation improved the train performance into drastic changes in line with the industrial growth. The result position though lacked enough asset register, the tolerance reduction was immensely privatised (Cowie, 2015). When the British Rail had been influenced by the similar tracks of rail system the passengers were in subject to increased risk factor with the reduction of quality services. Bowman et al (2015) stated that the privatised structures and the demands of shareholders showcase significant increment in investment rates.

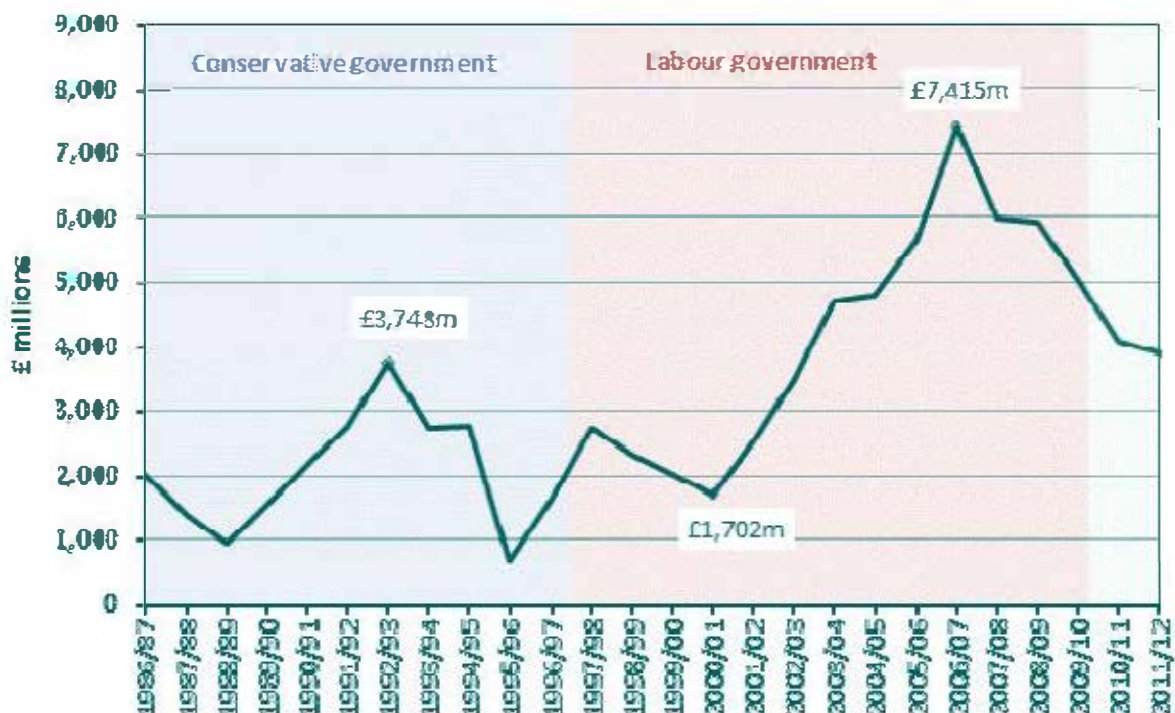


Figure 2.1 Government investment in railways sector 1986-2012

Source: Bowman et al. (2013)

The above chart shows that rail privatisation in Britain has not succeeded in reducing burden on public exchequer. It is also evident from the chart that the governmental investment in railways increases under labour government when compared to that of conservative government. This points to how difference in political leanings of the administration affects railways.

The main positive outcome of railway privatisation has been the increase in number of rail passengers. This is depicted in the below figure.



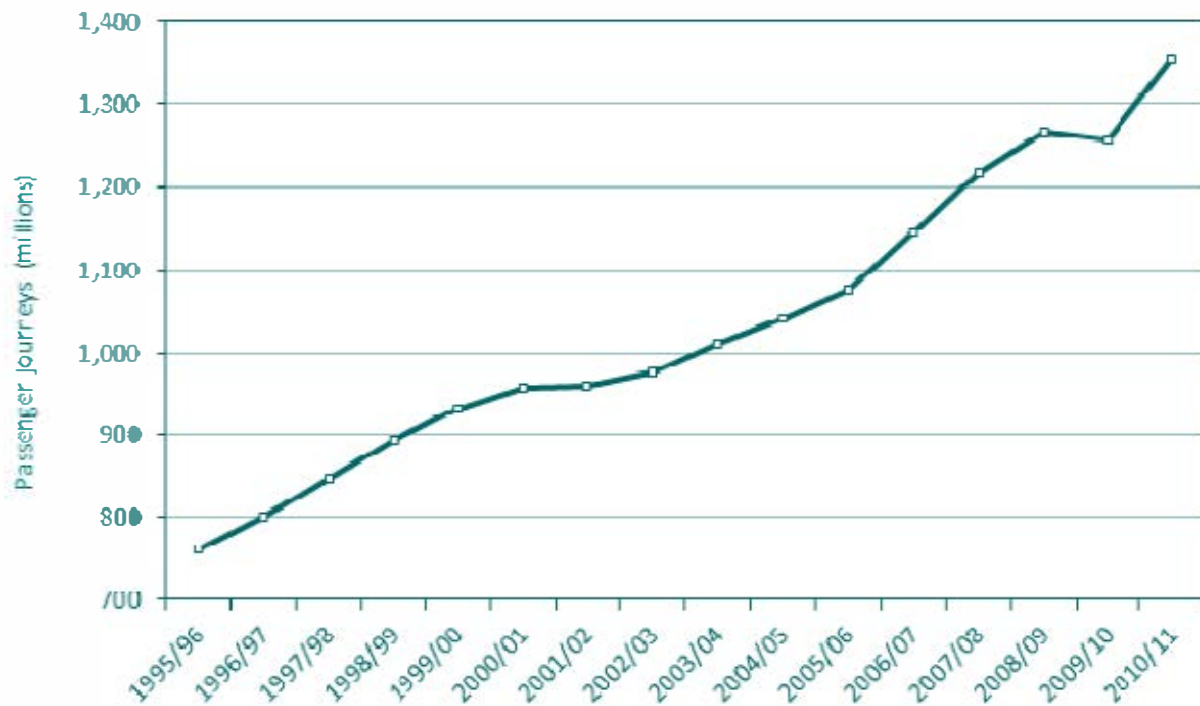


Figure 2.2 No of train passengers/year

Source: Bowman et al. (2013)

The above chart shows that the number of annual train passengers has risen from around 765 million in 1995 to more than 1340 million in 2010. The argument put forward by rail industry bodies such as ATOC is that rail privatisation has been the main driver of this passenger number growth as privatised rail services offered more value and convenience to customers (Bowman et al., 2013).

However, the review of British rail privatisation carried out by Bowman et al. (2013) criticises the assumption that rail privatisation has been the main driver of this passenger number growth in Britain. This report points to the fact that a nationalised railway company would have been able to attain similar improvements in passenger numbers if they had similar investment like a private company. On the other hand, Nash (2009) points to the economic growth attained by the UK in the last two decades (1990's and 2000's) as the main driver of passenger number growth. Moreover, the rise in passenger number has been a consistent trend in the UK railway sector since 1982. Hence the attribution of the rise in passenger number to rail privatisation lacks dedicated support from academicians/research.

The report of Bowman et al. (2013) also looks at the relative position of railways as a transportation mode in Britain to demonstrate that rail privatisation has only resulted in marginal gains for railways as a mode of transport in attracting customers. This contrasts with the argument of Brons, Givoni and Rietveld (2009) that rail privatisation has improved the ability of trains in attracting customers.

It can be deduced from the above discussions that there exists some link between the privatisation of London rail and passenger/customer satisfaction. Hence, the next section will focus on customer satisfaction to ensure a further evaluation of the research topic.

## **2.8 Customer satisfaction**

According to Sun and Kim (2013), customer satisfaction can be defined as a term which measures the expectations rate of a customer in accordance with the product or service provided by a company or organisation. In the view of Suleiman (2012), customer satisfaction plays an essential role in the modern-day business. It is a measure of how services and products delivered by a firm surpass or meet the expectations of customers. Customer satisfaction is a term regularly used in marketing since it accentuates the significance of customers in business, observes Nandan (2010). The future of any business can be recognised regarding the ability of the company in meeting the customer satisfaction. The aspect of customer satisfaction includes the factors such as the quality of the product and service provided by the firm, the location or the atmosphere where the customer bought the product or received the service and the price which the product or service is available (Santouridis and Trivellas, 2010).

According to Hu, Kandampully and Juwaheer (2009), customer satisfaction has a broad concept of quantifying the satisfaction degree of a customer related to a service, product or experience. Business firms and companies pay considerable attention to customer satisfaction as they use it as a tool for improving the products or services provided. The importance of customer satisfaction can be identified as it creates a long-term relationship between the company and the customer (Santouridis and Trivellas, 2010).

Customer satisfaction enables the company to attain customer loyalty. It is significant since it offers a metric for corporate owners and marketers so that they can utilise it to enhance organisations business (Nandan, 2010). The chances of a satisfied customer in revisiting the firm or doing business with the company in future are very high. Customer satisfaction can be further identified as a business strategy by Angelova and Zekiri (2010). In the modern era of

competitive marketplace, customer satisfaction significantly differentiates the company from the crowd. For instance, in a research performed by Sun and Kim (2013), it is found that customer satisfaction is not only serves as a leading index to calculate customer loyalty, increase profit, decrease customer churn and to determine unhappy customers; but it also serves as a core indicator of differentiation which enables a company to persuade fresh customers in today's highly competitive business atmosphere.

In addition, customer satisfaction other than creating the bond between existing satisfied customers further paves the way for attaining new customers through recommendation (Angelova and Zekiri, 2010). The problems of customer churn can be reduced with tactics of improving the customer satisfaction. The concept of customer lifetime value in business has much to do with customer satisfaction (Malthouse and Blattberg, 2010). Further identifications had been made on the word of mouth marketing derives from a satisfied customer. In fact, dissatisfied customer shares his experience with more people than a satisfied customer. Such negative word of mouth inversely affects the reputation of the company or firm (Angelova and Zekiri, 2010).

Considering the measurement of customer satisfaction, several ways are visible in measuring the satisfaction of the customer such as interviews, questioners, rating scales etc (Jaberi and Iranzadeh, 2014). Surveys can be identified as one of the best ways of measuring the customer satisfaction. Customer satisfaction surveys are carried out through online and offline modes. Besides some companies depend on questionnaires in measuring the satisfaction (Aydin, Celik, and Gumus, 2015). Questionnaires are mostly seen in the offline mode which the company create direct contact with the customer. In the case of the rating scale, it has been found that the company provide a rating scale containing one to ten markings regarding several aspects such as quality of the product, service, shop atmosphere, salesman behaviour and so on in which the customer is asked to mark the appropriate ratings in accordance to their satisfaction (Chou, Lu and Chang, 2014). Moreover, according to Acharya et al. (2013), the companies even conduct interviews with few customers based on customer behaviour and the relationship of the customer with the company or firm.

According to Jaberi and Iranzadeh (2014), customer satisfaction with respect to quality of service can be considered as a motivator for turning government into privatisation. In today's dynamic and monopoly market, governments do privatisation to receive not only high economic growth and efficacy but also to receive high-end customer satisfaction. Lee and

Heo (2009) mention customer satisfaction as the most significant indicator of privatisation success in customers and public-sector perspective. Private sector firms might be able to offer higher level of service for satisfying customers for a recent and lower cost whereas governments cannot provide similar type of services by themselves at lower cost. This is a reason for privatising since private firms might be able to satisfy customers with the better services expected without increasing the cost (Jaberi and Iranzadeh, 2014). For example, it can be found from the report of National Rail Passenger Survey (2014) that the passenger satisfaction after privatisation of British Rail has increased from 76% in 1999 to 83% in 2013 and passenger dissatisfaction has diminished from 10% in 1999 to 6% in 2013.

According to Eurobarometer (2013), the customer satisfaction with British Rail respondents is the second highest in Europe (78%). Because of increased passenger satisfaction level, the British Rail train organizations has been able to attain an average return of 147% on each pound they spend on their business FY 2012 (Chakraborty, 2013). However, in contrast to the findings of Chakraborty (2013), The Guardian (2013) report that the amount of return gained after paying cash back to the government and subsidy was only 3.4% FY 2012. After examining all the above reports, it can be contended that there is some meaningful relationship between privatisation and customer satisfaction.

According to Lee and Heo (2009), the concept of customer satisfaction has achieved lot of attention during recent years and companies which attempt to evaluate this concept must start with an understanding of various models regarding customer satisfaction. In the view of Suleiman (2012), customer satisfaction models help to elucidate different theories related to customer satisfaction, creating analysis and research on customer satisfaction topic less wasteful of study resources and more accentuated. Hence, this research will focus on customer satisfaction models to perform a detailed analysis of research objectives.

## **2.9 Customer Satisfaction Models**

Achieving a higher level of customer satisfaction is one of the most important objectives of any business venture (Haafteen, 2017). Recognising the literature studies that illustrate the facts associated with customer satisfaction, the above section detailed the increasing significance of upholding effective approaches to customer relationship management in the current industrial setting. As industrial competitions are mounting in every market sector, introducing competitive and most appealing strategies that grab the attention of the customers

and satisfies their changing needs has become mandatory in the current era. According to the observations of Hill and Alexander (2017), in the present age of business uncertainty customer satisfaction has become a vital factor that ascertains the competitiveness of the organisations.

Recognising the increasing influence of customer perceived value on the brand recognition and brand image, the study conducted by Hill and Alexander (2017) also identified that the selection of brand in the future era would highly depend upon the customer satisfaction. There will be a high-level chance for customers to recommend a product to others based on their satisfaction. There are many factors affecting customer satisfaction; quality, expectation and pricing are common among them. The goods and services which available for the customer meeting these factors will survive the competition (Lee, 2009). The role of customer satisfaction reports in helping the companies to understand the needs and expectations of customers effectively was identified by Dixon, et al. (2010). Thus, from the findings of various researchers, it is observed that customer satisfaction has become a key factor that influences the industrial performance (Hill and Alexander, 2017; Lee, 2009).

Several theoretical models also exist in the literature that explicates the concept of customer satisfaction. Thus, in this section, the researcher identifies the various theories and conceptual models that explain the concept of customer satisfaction. American customer satisfaction index (ACSI), European Customer Satisfaction Index (ECSI), Kano's model on customer satisfaction, Swedish Customer Satisfaction Barometer (SCSB) model, Total Quality Management (TQM) based model on customer satisfaction, Customer satisfaction pyramid, etc. are the various theoretical models explained in the following section for evaluating the concept of customer satisfaction. By incorporating these models, the key triggers and influencers that affect the customer satisfaction could be fathomed. Thus, these models suffice information associated with the areas that adorn possibility for improvement and areas that inflict atrophy when customer satisfaction is put into perspectives. Further, these models act as value addition by assessing triggers of human behaviour, rather than merely considering constricted paradigms associated with privatisation alone.

- **American customer satisfaction index (ACSI)**

The American customer satisfaction index (ACSI) measures the satisfaction of customers in the US economy. ACSI is an economic indicator that analyses the customer satisfaction and evaluating the quality of goods and services produced and

purchased in the United States (Angeleva, 2011). Sun and Kim (2013) states that, the purpose of ACSI is to identify the needs of customers and to improve the quality of goods and services. ACSI is a cause and effect model, where showing drivers of satisfaction in the left side (expectations of the customer, perceived quality, and perceived value), satisfaction in the centre, and outcomes of satisfaction on the right side (customer complaints and customer loyalty, including customer retention and price tolerance) as shown in the figure below.

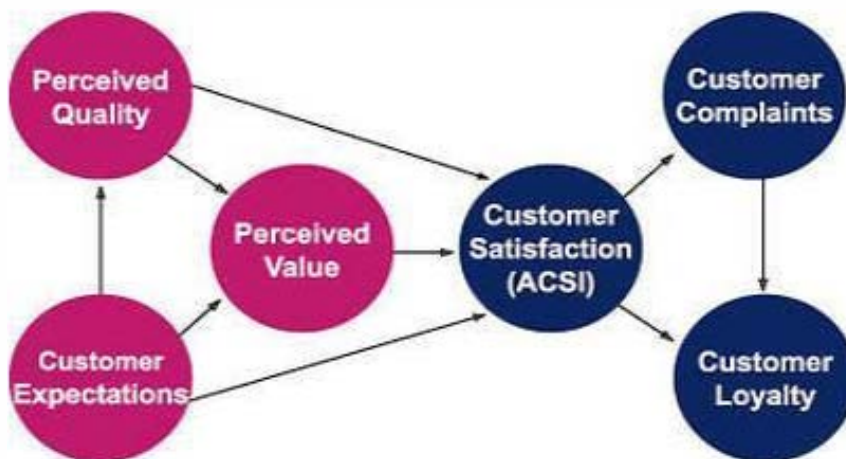


Figure 2.3: American customer satisfaction index (ACSI) model

Source: Dahal (2016)

The needs and reliability included in perceived quality and customer expectations. Both expectations and quality will recognise the value. These three factors will decide the customer satisfaction. The customer also comparing the related products and services in this stage and if not satisfied, moving to the next step of complaining and in the case of satisfaction, the customer willing to repurchase the product or service (Suleiman, 2012).

Most of the working of ACSI includes interviewing about 130,000 customers annually. The interview is done to collect the data about the various products and services they had and their opinion of the same. The respondents of the meeting were confirmed to be real customers of the business to consumer products and services (Sun and Kim, 2013). It includes consumption of services, durable and non-durable goods, and services by federal government and local government etc. The data released by ACSI is mainly used by the researchers, market analysis, corporations and agencies etc. ACSI data show specific sectors

and industries within the same which provide the best customer satisfaction and those which give the least.

- **European customer satisfaction index (ECSI)**

The European customer satisfaction index (ECSI) is like that of ACSI, given preference to customer expectations and perceived quality. The situational and personal factors also added as factors of satisfaction in this model (Eboli and Mazulla, 2009). ECSI is a subset of ACSI. ECSI poses a better distinction between the service quality and product quality. Regarding the case of ECSI, it does not include complaint behaviour as a part of the satisfaction of the customers. Complaint behaviour is an entirely different aspect. Complaint behaviour consists of the complaints of the customers about the product or services. Another distinction of ECSI from ACSI is that it includes a corporate image as a variable in the model (Haaften, 2017). In this model, the customer satisfaction index and customer loyalty are two factors which are contained within the results section. The drivers include various aspects such as corporate image, customer experience, perceived product quality, perceived service quality and perceived value within drivers' aspect.

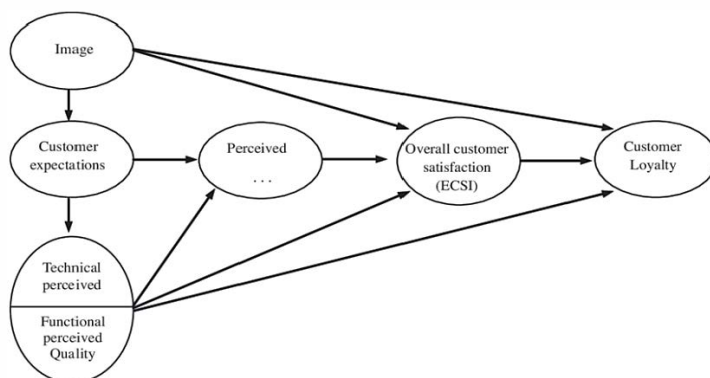


Figure 2.4: European customer satisfaction index (ECSI) model

Source: Jamil, et al. (2015)

Two differences exist between ECSI and ACSI models. Firstly, the ECSI model has not included the complaint behaviour because of dissatisfaction. It describes there can be other reasons for the complaint behaviour of customers. Second, the ECSI model incorporates corporate image as a latent variable in the model. Corporate image is presented to have a direct influence on customer expectations, satisfaction and loyalty. ECSI has been renamed as EPSI which stands for European Performance Satisfaction Index. It was done for measure other performance like the satisfaction of employees and trust of the society (Kaveh et al.,

2012). The EPSI Rating maintain by three European non-profit organisations; EFQM (European Foundation for Quality Management), EOQ (European Organization for Quality) and IFCF (International Foundation for Customer Focus) (Haafte, 2017).

▪ **Kano's model on customer satisfaction**

Proposed by Dr Noriaki Kano in 1948, this conceptual model published in the light of quality management of current industrial setting also shed light on the concept of customer satisfaction. Identifying the association of customer emotions with an organisations products or services, the Kano's model suggests that customer satisfaction is the underpinning factor that leads to service innovations and product developments in every industrial sector (Luor, et al., 2015). Evaluating the implications of the services or products on the expectation factors and motivation factors of the customers, the theoretical model proposed by Kano identifies that organisational functioning and customer satisfaction are two business terms that go in line with each other. This is graphically represented in the figure 2.5:

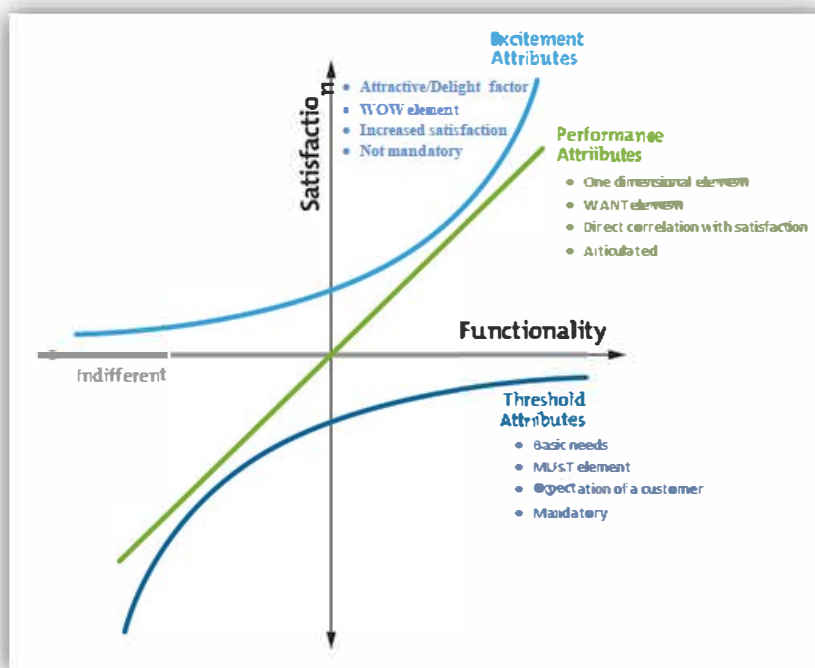


Figure 2.5: Kano's model on customer satisfaction

Source: Oliver (2014)



To critically evaluate this concept, Kano distinguished the properties of the organisational service/products into three types, namely, threshold attributes, performance attributes and excitement attributes (Oliver, 2014). While the threshold attributes represented the basic features expected by a customer, the performance attributes or simply known as the satisfiers represented the qualities of a product/service that removes the phase of dissatisfaction and inflicts a direct impact on the satisfaction of the customers. On the other hand, the delighters or the excitement attributes represented the surprise elements that focus on increasing the satisfaction of the customers and helps in boosting the competitive advantage of the organisation (Luor, et al., 2015). The association of these three attributes on the satisfaction of the customers is graphically portrayed in the Kano's model (represented in Figure 2.5). Thus, comparing the implication of excitement attributes, performance attributes, and threshold attributes on the customer emotions, Kano's model summarise that service features/product functionality have a direct impact on the satisfaction of the customers (Oliver, 2014).

- **Swedish Customer Satisfaction Barometer (SCSB) model**

Identifying the antecedents of customer satisfaction and recognising its consequences, the Swedish Customer Satisfaction Barometer (SCSB) is also a national index often used for representing the measurement of customer satisfaction. Alike ACSI and ECSI, this conceptual model also seeks to determine the factors that enhance the satisfaction of the customers.

This model mainly describes various situations in which a client or customer is not satisfied with the services or products of a company. This model helps organisations to understand the aspect in which the company failed to get the attention of the customers and provide the service as required by the customers. The company recognises this through two feedback mechanisms namely exit and voice. It is observed that if a customer is dissatisfied with a product or service of a company consistently, they exit the usage of the same or let the company know about what disturbed them (Grigoroudis and Siskos, 2009). This method helps the company to understand the flaws in their services. On the other hand, if the satisfaction of the customers is increased, it is reflected clearly in increased customer loyalty

and decreased customer complaint. Another aspect of the customers through which increased customer satisfaction is shown through increased customer loyalty. Customer loyalty is a crucial variable considering an organisation. It depends on the number of customers who wish to purchase the products of a company multiple times. In a way, SCSB defines the connection between complaint behaviour to customer loyalty. It also shows the relationship between customer loyalty and complaint behaviour.

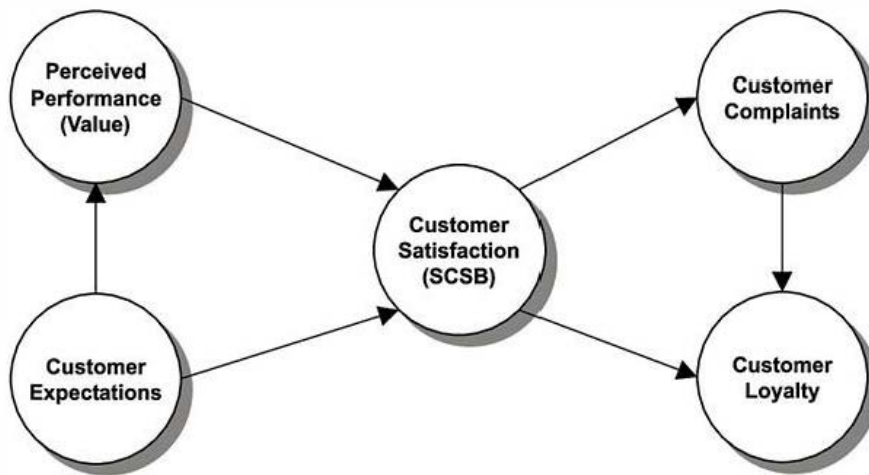


Figure 2.6: Swedish Customer Satisfaction Barometer (SCSB) model

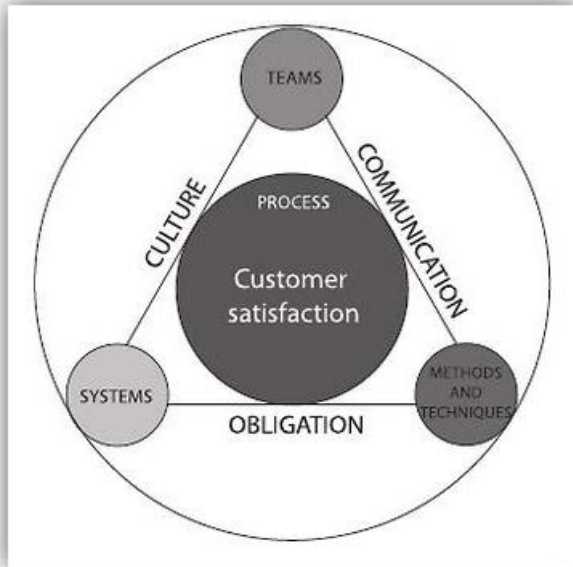
Source: Grigoroudis and Siskos (2009)

As represented in the figure above, the SCSB model suggests that two parameters influence the customer satisfaction index. According to the concepts explicated by the SCSB model, the value perceived by the customers with regards to the performance of an organisation or service functioning have a direct impact on the customer satisfaction index (Grigoroudis and Siskos, 2009). Recognising the customer trends to compare the value of the performance availed with the expectations, the studies conducted by Li, et al., (2014) on the SCSB model suggest that customer expectations also have an influential role in determining the satisfaction index. According to the findings of these authors, the success of an organisation in fulfilling the expectations improves the value perceived by the customer and this, in turn, helps in boosting the customer satisfaction index. Thus, emphasising on the increasing influence of customer perspectives on the organisational functioning, the SCSB model identifies that customer expectations and perceived value inflict a direct impact on the customer satisfaction index (Grigoroudis and Siskos, 2009).

In the light of the exit-voice theory suggested by Hirschman (2002), the SCSB model also identifies the implications and consequences of satisfaction. As increased satisfaction reduces the probabilities of customer complaints and as this, in turn, increases the loyalty of the customers, comparing the concepts of exit-voice theory, the SCSB model suggests that customer satisfaction have a direct impact on the customer loyalty element (Li, et al., 2014). Thus, critically examining the factors associated with customer satisfaction, SCSB model establishes an association between customer complaint behaviour and customer loyalty.

- **Total Quality Management (TQM) based model on customer satisfaction**

Recognising the influence of the Total Quality Management (TQM) practices in assuring the satisfaction of the customers, the researchers have also developed a theoretical model on customer satisfaction based on the TQM framework. The literature study conducted by Luburić (2014) illustrated this conceptual framework on customer satisfaction and evaluated its implications in the current business setting. According to the findings of this author, TQM efficiency helps in bridging the gaps between the customers and the business ventures and hence is an important industrial paradigm that must be upheld in current market settings. Assuring the quality of the services and enhancing the capacity of the organisations, satisfying the prerequisites of the customers is the aim of the TQM practices (Nassar, et al., 2015). Thus, interlinking the teamwork with organisational systems and methods/techniques, TQM is a managerial philosophy that aims to enhance the satisfaction of the customers, opines Luburić (2014).



*Figure 2.7: Total Quality Management (TQM) based model on customer satisfaction*

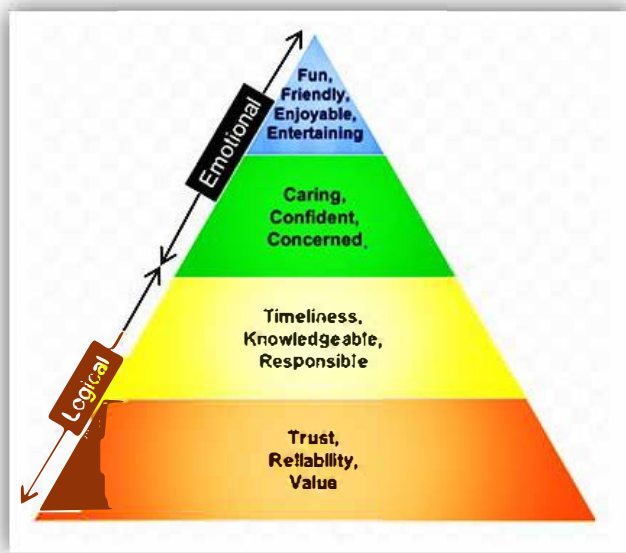
*Source: Luburić (2014)*

As shown in the above image, the TQM based model on customer satisfaction is connected by three components: culture, communication and obligation. While the factor of obligation connects the systems and methods of an organisation and thereby focuses on the development of quality services/products, the cultural factor of this model represented the organisational culture that connects the systems with the teams (Luburić, 2014). On the other hand, the importance of upholding effective communications between the teams and methods has also been illustrated through this framework.

According to the findings of Luburić (2014), the efficiency of an organisation to maintain the standards associated with culture, communication and obligation assures the effectiveness in interconnecting teams, systems and methods. As all these components directly or indirectly associated to the TQM practices of the organisation and ultimately results in improved customer satisfaction, Luburić (2014) summarises that TQM efficiency has an influential role in ascertaining the satisfaction of the customers. Moreover, recognising the changing industry trends and increasing importance for customer satisfaction, Luburić (2014) also opines that in the current age of consumerism, TQM practices have achieved an upper hand in assuring competitive advantage and hence is an important paradigm for organisational success.

- **Customer satisfaction pyramid**

Identifying the factors affecting the satisfaction of the customers and classifying these components to logical and emotional categories, the conceptual framework represented in the figure below is one of the simplest theoretical models that explicated the concept of customer satisfaction (Hill and Alexander, 2017). Represented in the form of a pyramidal structure, this theoretical model identifies both fundamental and superfluous characteristics features that influence the satisfaction of the customers.



*Figure 2.8: The Customer satisfaction pyramid*

*Source: Besednjak (2010)*

As represented in the figure above, according to the customer satisfaction pyramid model, trust, value and reliability are the fundamental features that ascertain the satisfaction of the customers. Identifying the changing trends among the customers to switch over to the organisations that ensure improved brand trust, Besednjak (2010) opines that trust and reliability have a key role in influencing the logical perspectives of an individual. As improved value perception also inflicts a direct impact on the logical aspects of an individual, the customer satisfaction pyramid model recognises that trust, reliability and value constitute the basic factors that underpin the level of satisfaction. As the factors associated with timeliness, responsibility and knowledgeable also constitutes the logical demands of an individual, this model represents its significance in influencing the satisfaction of the customers (Besednjak, 2010). On the other hand, recognising the influential role of the

emotional quotient in determining the satisfaction level, this theoretical model also suggests that emotional factors have equal importance in influencing customer satisfaction. Unlike the logical parameters, the emotional factors associated with the customer satisfaction is also represented in two stages. While the lower phase of emotional parameters is constituted by the elements such as care, confidence and concern, the upper phase of the emotional level is determined by the factors such as friendliness, entertainment, etc. (Hill and Alexander, 2017; Besednjak, 2010). Thus, identifying the influence inflicted by each factor, the customer satisfaction pyramid model suggests that effectiveness in upholding characteristics features that offer logical and emotional influence determines the success of the organisations in achieving an improved level of customer satisfaction.

Comparing the concepts illustrated through the above theoretical models, it is evident that achieving a higher level of customer satisfaction is mandatory for organisations in every industrial sector and numerous internal and external elements often influence it. Moreover, comparing the influence imposed by various elements, researcher interprets from the above theoretical models that, the value perceived by a customer from the organisational services, and the success of the business venture in fulfilling the expectations of the customers constitutes the key components of satisfaction. Furthermore, the assessment of the fundamentals hastens the understanding of the most primary elements of customer satisfaction. Besides, these elements often invoke fewer complications while striving to quantify about research or strategic inquiries.

## **2.10 A critical review of the selected theoretical models**

The analysis of the different customer satisfaction models suggests that the concept of customer satisfaction is relative, and both objective and subjective parameters could be used for the interpretation. While some models of achievement have given emphasis on objective parameters such as product functionalities, the other model underpins the influential role of subjective factors such as emotions and customer needs. Another major factor as inferred from this analysis is that customer satisfaction is explained on the basis of various standards. According to the models such as ASCI, ESCI and SCSB, customer satisfaction is regarded as a cause and effect' paradigm (Li et al., 2014). These models acknowledge the significant role of attributes related to a product. The effect of these parameters in decision making could be evidenced by the above discussions. The consideration of the importance of attributes enables the identification of the indication of the comparative significance attached by a customer

with a product or service (Oliver, 2014). These models suggest that the perceived value and expectations are used for determining the extent of customer satisfaction. This is because based on these parameters, derive and stated importance of a product could be evaluated.

Based on these models, when the performance of a product falls behind the expectations of the customers, the customer tends to perceive that disparity is higher. The underpinning point is that a customer magnifies the difference between the expected and received product of the product presents suboptimal performance. Hence, this theory assumes that the product is perceived as poorer than, it is (Dahal, 2016).

The Kano model also places emphasis on the relation between different attributes for delineating customer satisfaction. The significant point is that the alignment of customer requirements and product functionalities underpin customer satisfaction. This model also suggests that the satisfaction variable is not directly proportional to the services or products. Thus, Kano model underlines that a higher degree of quality does not need to elucidate a higher level of satisfaction (Oliver, 2014).

These models conceptualise customer satisfaction as a process that involves multidimensional factors. This means for making judgement regarding a product experience, more than one standard is relied. While these models elaborate on the need for placing emphasis on the attributes and eliminates the need for considering customer dissatisfactions, TQM model recognises the need for removing dissatisfactions in accomplishing customer satisfaction. According to the TQM model of customer satisfaction, for achieving customer satisfaction, it is necessary to mitigate product defects (Luburić, 2014). Another major insight on the formation of customer satisfaction is generated by the customer satisfaction pyramid model. This model represents the equal significance in meeting emotional and logical needs (Besednjak, 2010).

<i>Theoretical frameworks</i>	<i>Dimension of customer satisfaction</i>	
<i>ASCI</i>	<i>Perceived quality, perceived value</i>	<i>Do not perceive value and</i>

	<i>and customer expectations</i>	<i>quality as separate constructs. The perceived value is shaped up from the cumulative effects of these two attributes. This model suggests that the lack of satisfaction could lead to the building of customer complaints. This means that the customer experience is the major determinant of the satisfaction.</i>
<i>ESCI</i>	<i>Image, perceived technical and functional values, customer expectations.</i>	<i>Differentiates functional and technical perceived quality.</i>
<i>Kano's model on customer satisfaction</i>	<i>Performance, excitement and threshold attributes</i>	<i>Higher level of satisfaction is generated from the experience construct.</i>
<i>Swedish Customer Satisfaction Barometer (SCSB) model</i>	<i>Perceived and derived value</i>	<i>These differences in the attributes lead to either loyalty or complaints.</i>
<i>Total Quality Management (TQM) based model on customer satisfaction</i>	<i>Holistic approach, consideration of elimination of the defects</i>	<i>Emphasise the need for generating equity for the creation of customer satisfaction.</i>
<i>Customer satisfaction pyramid model</i>	<i>Emotional and logical parameters</i>	<i>Demonstrates the need for balancing emotional and logical needs.</i>

Table 2.2: Customer satisfaction models.

Source: created by researcher (2019)

The above table has summarised the commonalities between the different customer satisfaction models under consideration in the current study. The main inference from the



comparison of these models is that the customer experience is the fundamental attribute that lead to the derivation of the customer satisfaction.

## **2.11 Customer satisfaction in railway services**

Analysing the theories and conceptual models that exist in the literature, it is evident that the value perceived by the customers have an influential role in determining satisfaction in every industrial sector. However, the value perception of the customers can vary from one person to another depending on the individual emotions, personal outlooks, logical perspectives, etc. opines, Hill and Alexander (2017). While attractiveness of a product/service accounts as an important feature for some individuals, quality and price worthiness constitutes the critical factors of satisfaction for some others. Thus, in line with the studies of Hill and Alexander (2017), it is observed that factors determining the value perception and thereby the satisfaction of the customers includes a multitude of components. However, taking into context of the railway service industry, the factors that determine the satisfaction of the customers has also another dimension. Unlike the retail firms and other business ventures, the quality of the service and the competence in introducing attractive and competitive amenities upholds a more significant role in determining the satisfaction of the customers in the railway sector, states Chowdhury, et al. (2015). In the light of this fact, it is imperative to discuss the factors that influence the satisfaction of the customers in the railway service industry.

A definition of customer satisfaction provided by Hill and Alexander (2017) measures the performance of the offering of an organisation against the requirements of the customers. By extension, the customer satisfaction in railway services depends on the extent to which the transport service can solve challenges arising in the day to day operations and meet the needs of the passengers (Novas, Zondiros and Filios, 2009). To achieve customer satisfaction, a railway service required to consider numerous factors. Flammini, Bologna and Vittorini (2011) note that the numerous factors affecting customer satisfaction in railway services are the service cost, travel time, punctuality, safety, reliability and cleanliness. The service cost is marked by the ticket fares, which need to be maintained at affordable levels. Analysing the effects of the pricing policy in the railway service sector, the study conducted by Chou, et al. (2018) also shed light on the importance of the service cost factor. Taking into consideration the context of high-speed rail (HSR) services of Taiwan, these authors analysed the passenger perception of the high pricing policy of the HSR services.

Multidimensional scaling methods and floating ticket-pricing model concepts were used in this study for determining the impact of the cost factor. Thus, cross comparing the data collected, Chou, et al. (2018) summarised that ticket pricing, i.e., service cost has a key role in influencing the perception of the passengers in this industrial sector. According to Lecomte, Pinger and Romanovsky (2016), the reliability of a rail service is more important in maintaining customer trust and is characterised by the timely arrival of trains and adherence to travel times. On the other hand, the study conducted by (Marinov, et al., (2014) identifies that the crowd in trains during rush hours reduce the satisfaction of commuters. Thus, comparing the studies conducted by Marinov, et al. (2014), Lecomte, Pinger and Romanovsky (2016) and Chou, et al. (2018)) with the observations of Flammini, Bologna and Vittorini (2011) it is evident that service cost, reliability, punctuality and travel comfort are important parameters that influence the satisfaction of the customers in the railway service industry.

Other factors affecting passenger satisfaction include incidents of train collisions and disruption of services due to weather conditions. Flammini, Bologna and Vittorini (2011) contend that the customer satisfaction of commuters increases with a decrease in relative generalised costs of using the medium instead of another. Apart from the importance of the above-mentioned factors, the studies conducted by de Oña et al. (2016) and Aydin, Celik and Gumus (2015) identified that operational efficiency of the railway network services has an influential role in determining the satisfaction of the passengers. Evaluating the quality and value of the services, the customers often tend to show a trend in comparing the competitiveness of the service providers, state de Oña et al. (2016). The excellence in the industry-specific factors and the competitiveness of the service organisations even amid the market competitions also inflict a direct impact on the customer satisfaction. As customer satisfaction is the ultimate outcome of achieving quality services, in right time and right value, it is evident from the studies of Aydin, Celik and Gumus (2015) that, value and service quality are also crucial factors that outline the satisfaction of the customers.

Many researchers have also studied the importance of the service quality factor in influencing the satisfaction of the railway passengers. Collecting information from passengers and utilising the SEM (structural equation modelling) model, the study conducted by Chou, et al., (2014) identified the significance of service quality parameter in the high-speed rail services of Taiwan. According to the findings of this study, competency of the rail services in delivering on-time performance, efficiency in assuring comfortable air conditioning and the

effectiveness of the employee attitude constituted the factors that assured quality services. Thus, evaluating the implications of these elements on the loyalty of the customers, Chou, et al., (2014) identified that improved quality of service inflicts a positive influence on the satisfaction of the railway passengers. While the study conducted by Chou, et al., (2014) was focused on the context of Taiwan, the research undertaken by Geetika and Nandan (2010) was focused on the scenario of Indian railway industry. Using the empirical data collected by surveying the passengers, this study also established the direct relationship between service quality and passenger satisfaction in the railway industry. The research undertaken by Miranda, et al. (2018) also focused on determining the increasing significance of service quality factor in the railway sector. Concentrating on three dimensions of service quality such as convenience, connection and comfort, these authors used a fuzzy set qualitative comparative analysis approach for establishing the association between service quality and customer satisfaction in the railway service sector.

The customer satisfaction in railway service provision depends on various factors includes satisfaction with railway system, satisfaction with a railway station, satisfaction with rail services and facilities on the train, etc. According to the report on rail passengers' satisfaction of Gallup organisation (2011), the three factors determining the satisfaction are ease of buying tickets, the option to provide information about train schedules and platform, and personal security in the railway station. The railway system is the availability and access to railway service. It includes a range of factors like the timing, connecting people throughout the geographical boundary, safety measures adopted for the railway lines and trains, and so on. Commuters are always conscious about time. They belong to various social groups including students, employees, businesspeople, job seekers, etc. Time is precious for all groups mentioned above, and they are evaluating the railway system highly by timing (Nandan, 2010). The research undertaken by Cascetta and Carteni (2014) was also focused on establishing the critical role of railway terminals in influencing the satisfaction of the passengers. In line with the reports of Gallup organisation (2011), the study conducted by Cascetta and Carteni (2014) also determined the importance of maintaining high-quality facilities in the railway terminals. According to the findings of these authors, equivalent to the service quality features the competency in introducing aesthetic attributes in structural designing and the effectiveness in providing high-quality amenities in railway terminals rather than a traditional one has a vital role in influencing the satisfaction of the passengers.

According to Chou and Chang (2014), the satisfaction of many commuters also depends on the facilities available inside and outside the railway station. Connection with other modes of transport and facility for car parking are the two main factors which affect the customer satisfaction outside the railway station. The inside facilities they are seeking are included overall cleanliness, quality of services like toilets, waiting rooms, ticket counter, shops and cafes, etc. The provision for enquiry handling, suggestions and complain handling mechanism are also part of customer satisfaction. The security of the passenger inside the railway station is another critical factor. If the passenger does not feel safe inside the station, it will affect customer satisfaction to a high degree. On the other hand, the study conducted by Kabalan, et al. (2017) recognises the implication of pedestrian management system in improving the efficiency of the railway terminals. Improved efficiency of the railway terminals and effectiveness in station management ultimately results in improved passenger satisfaction. Thus, recognising the benefits of introducing dynamic and centralised pedestrian management system for station management, the study conducted by these authors summarises that introduction of this ad-hoc topology have an indirect role in influencing the satisfaction of the passengers. Thus, from the studies undertaken by Chou and Chang (2014), Kabalan, et al., (2017) and Cascetta and Carteni (2014), it is evident that amenities offered by the railway terminals also have an influential role in determining the satisfaction of the passengers.

There are various facilities inside the train which will determine customer satisfaction (Eboli and Mazzulla, 2012). According to the findings of these authors, as in the case of railway terminals, the passengers also look forward to having a clean and secure atmosphere with the train. In the current age of increasing health consciousness, hygiene has become a key factor that influences the personal satisfaction of an individual. In this perspective, Eboli and Mazzulla (2012) identified that the availability of clean toilets is also a crucial factor that influenced the satisfaction of the passengers in the railway sector. The other factors determined by these authors include the comfortable seats and berths, space for luggage, electric connection and related facilities like lights, fan or ac, mobile or laptop charging ports, catering service on demand for long journey, punctuality, length of time taking for a journey, availability of staff on train, provision of information and feedback, connection to other train services, assistance and information facility for disabled and elderly persons, etc. (Eboli and Mazzulla, 2012). Recognising the influence of these elements on the personal feelings and

emotions of an individual, these authors identified that customer satisfaction of train service is often influenced by a multitude of components.

The importance of socio-demographic factors in influencing the satisfaction of the customers in the railway service sector has also been evaluated in the literature. A lot of passengers do not like the rush, inside the train and in the railway station. When compared with the urban people, villagers are using railway services more frequently (Reis et al., 2013). These people belong to various segments regarding age, gender, profession, and so on travelling together on a train and most of the time they are unknown to each other. This anonymity is responsible for dissatisfaction in many passengers. The incidents like derailment, train collision, etc. will be result to commuters finding other means of transportation which would be considered a failure of customer satisfaction. Such kind of incidents and other related news on railway services are considered as external factors affecting customer satisfaction (Brons et al., 2009).

In addition to the above-identified elements, the frequency of service is also a key factor that influences the satisfaction of the passengers in the railway sector. Identifying the increasing number of passengers and with the rising demand for train services, the authorities must be considerate in introducing new services, opines Mouwen (2015). Evaluating the context of Dutch public transport services, the study conducted by Mouwen (2015) aimed at determining the key drivers of customer satisfaction. Characterising the factors associated with urbanisation, the author identified that on-time performance, service frequency and travel speed are crucial factors that influence the satisfaction of the customers in the public transport service sector. Thus, comparing these findings with the context of the railway sector, it is apparent that the frequency of service is also a significant factor that determines the passenger satisfaction in the railway service industry.

As the current passenger needs shows an increased inclination towards technological amenities, introducing technological innovations in both inside and outside the train will also inflict a direct impact on the satisfaction of the passengers (Wang and Loo, 2018). Evaluating the changing trends of the current generation in utilising their travel time using mobile ICT devices and wireless networks, the study conducted by Wang and Loo (2018) identified the increasing significance of introducing technological amenities inside the train. Focusing on the high-speed railway route between Shanghai-Nanjing and collecting data from the passengers using survey approach, these authors determined that wireless networks are often used during travel time for accomplishing several e-activities such as e-communication, e-

reading, e-working, etc. The application of e-services for entertainment associated e-activities has also steadily increased states, Wang and Loo (2018). Thus, recognising the growth of the e-society, the findings from the research conducted by Wang and Loo (2018) summarise that introduction of technological innovations within the train inflict a direct impact on the travel satisfaction of the passengers.

While the study conducted by Wang and Loo (2018) identified the implication of e-services on travel satisfaction, the research undertaken by Ahn, et al. (2016) identified the increasing application of real-time information systems in the railway sector. As the real-time passenger information system (PIS) helps the passengers in accomplishing effective decision-making process, Ahn, et al., (2016) summarises that competency in effectively managing this technology also have an influential role in determining the travel satisfaction of the passengers. The research undertaken by Ong, et al., (2015) is also an important study that illustrated the increasing significance of technological features in the railway sector. Focusing on the context of Malaysian rail transportation research by Ong, et al., (2015) recognised the influence of service automation on travel satisfaction of the customers. Drawing from the findings of these authors, automating the services at railway terminals increases the convenience and this, in turn, helps in improving the satisfaction and retention of the customers. Thus, comparing the findings of Wang and Loo (2018), Ong, et al. (2015) and Ahn, et al. (2016), it is apparent that competency in introducing unique and advanced technological amenities both inside and outside the train has a direct impact on the travel satisfaction of the current tech-savvy generations.

## **2.12 Impact of privatisation on satisfaction levels of railway customers**

The implications of privatisation on customers were the focus of the study of Flecker and Hermann (2009). This study revealed that privatisation increased the level of competition in the sector due to the emergence of new for-profit companies operating in the sector. Similar findings were also identified by Parker and Hendry (2014) in their study of Scottish economy which revealed that privatisation had a direct correlation with the level of competition in the industry. This means that privatised sectors tend to have a higher level of competition than nationalised sectors.

Similarly, it was also identified in previous studies that privatisation resulted in improvement in service quality (Hermann and Flecker, 2013) and operational efficiency (Assaf, 2010; Anell, 2011; Robertson and Dale, 2013). Hermann and Flecker (2013) based their study on

European nations and identified that there was a significant improvement in service quality in different sectors such as automobile and telecom thanks to privatisation carried out in these sectors in 1980's and 1990's. Assaf (2010) analysed the operations of Australian airports post-privatisation and identified that the cost efficiency of airport increased significantly as a result of the privatisation.

Another important study in this area was carried out by Al'Afghani (2012). This study focussed on privatised water services sector in Indonesia. One of the main findings of this study was that privatisation resulted in lack of reliable services in Jakarta compared to Bogor which was entirely served by public sector enterprises. Customers in Bogor enjoyed reliable service compared to customers in Jakarta. This can be linked to the observation of Parker (2013) that the effectiveness of privatisation varies across industrial sectors. This means that privatisation has positive influence on customer satisfaction in industrial sector where there is elevated level of competition and higher consumer awareness.

One of the important studies on British rail privatisation was carried out by Jupe and Funnell (2017). The study of Jupe and Funnell (2017) utilised social cost-benefit analysis to determine how rail privatisation affected government, producers and consumers. The findings of Jupe and Funnell (2017) related to the consumer benefits and drawbacks from rail privatisation holds importance in the context of this study as this study aims to test the link between privatisation of rail and consumer satisfaction. One of the key findings emerging from the study of Jupe and Funnell (2017) was that rail privatisation in Britain led to reduction in rail fares and improvements in service quality of railway services mainly related to punctuality, reduction in overcrowding and overall improvement in railway safety. The study Jupe and Funnell (2017) stands out because they incorporated data from wide range of previous studies and developed generalised findings regarding the performance of railway services in post-colonial era. The findings of Jupe and Funnell (2017) also reveal that these improvements especially related to improvement in punctuality and rail safety cannot be directly linked to rail privatisation as the improvement in rail safety were primarily because of the increased investment made by Network Rail in rail infrastructure and not directly because of rail privatisation. However, Nash (2009) contends this assessment by arguing that rail privatisation was a key driver of increased rail infrastructure investment and hence the improvements in rail safety can be linked to rail privatisation.

Various debates and controversies have been influenced by the British Rail privatisation and its impact. Unfortunately, reported to have continued till date. The key attributes that are inclusive on to the British Rail development and its privatisation has been identified as customer service, traffic level, fares and timetable, new trains, manufacture of rolling stock, reliability and punctuality, safety, subsidies, efficiency, investment, political control, profitability, disputes and ownership (Monsuur et al., 2017).

**Customer service:** Following the studies of Charanwanitwong and Fraszczyk (2018) and Fröidh and Nelldal (2015), they noted that the surveys conducted by National Rail Passenger to have recorded passenger satisfaction to be raised from 76% between 1999 to 83% in 2013. Besides observations were made on the declining rate on the number of passengers unsatisfied on train journey from 10% to 6%. Nevertheless, the influence of British Rail privatisation has been identified to have impacted on the services provided significantly. The observations of Profillidis (2016) stated that UK rail satisfaction has been recorded the second highest among other rail services in EU.

**Traffic level:** Reports have been signifying that the number of rail journeys has increased after the advent of privatisation. Monsuur et al., (2017) justifies that the rate of rail journey increment number to be 117% for the year 2014. It is noteworthy in addition that the passenger number being doubled prior to the exposure of privatisation. Furthermore, the influence of Train Operating Companies (TOCs) emphasised on the significant changes on the train fares and schedules that were unregulated and restricted under the limitations and regulatory norms. The unpredictable fare increment was controlled and monitored by the British Rail (BR).

On the other hand, Pasha and Razashah (2018) identified the running of new trains and rail services with the intention of alterations to the journey timings enabling the operators to run trains more frequently and to attract passengers into the increased use of train journeys. Nevertheless, after two decades of rail privatisation, the train fares still do not have uniform rates. According to Charanwanitwong and Fraszczyk (2018) the standard single fares increased at a rate of 208% and the seasonal ticket appraisal in the range of 55% to 88% decreased the real terms of advanced ticket pricing.

**New trains:** The Rolling Stock Operating Companies (ROSOC)s were expected to compete on the provision of TOC. According to the requirements of TOCs most trains require running services and classes on trains. According to Monsuur et al (2017) and Pantouvakis and



Patsiouras (2015) the ROSCOs offered with the objectives and expectations of TOCs with of train classes, price specifications and leasing of trains from the ROSCO.

**Stock manufactures rolling:** The order for new trains and its reorganisation facilitated the self-surrendering of rolling stock manufacturers. Metro Cammell plant of Brigham which was the former suit followed in 2005 performed shutdown on the manufacture of its final product of Virgin Train's Class 390s among the assembly lines. According to the findings and observations of Profillidis (2016) the Railway Technical Centre and British Rail Engineering Limited are the only functioning manufacturer in current scenario of British Rail privatisation.

**Reliability and punctuality:** The Public Performance Measure enables the access to key index assessing the performance of passenger train in coordination with the punctuality and reliability figures. The studies of Charanwanitwong and Fraszczyk (2018) observed that the reports of 1998 rail performance showcased 90% punctuality and reliability with the decline at the rate of 75% as on the midst of 2001. This observation concludes on the lack of safety measures, rules and regulations in line with the Hatfield crash occurred in 2000. On the other hand, the August 2012 reports of PPM estimated on the 88% of annual moving raised to 92% in the year of 2011.

**Safety:** Persistent safety measures were ensured on the advent of railway privatisation of British Rail. The safety measures as well as constraints at the railway sections were observed to have improved under knowledgeable hikes in the consistent years. Reports of Monsuur et al, (2017) identified in support of numerous studies that many people were found to have died on crash due to the pre-privatisation circumstances. Majority of rail crashes were reported in prior to the existence of privatisation.

**Investment:** Privatisation have enabled the rise in investment rates onto the rates in the industry/sector. Administrational investments are obtained under varied sectors such as in-cab signalling, electrification, northern hub installation and the High Speed 2 establishment. According to the studies of Pasha and Razashah (2018) in support of various reports and material resources, it was evident that the Hatfield accident at the time of 2001 laid the first milestone on the receiver of governmental investment plans and more work substandard.

**Subsidies:** In line with the occurrence of Hatfield crash and its impact on railway operations, rail subsidies were observed to be raised to significant peaks. The aggregate administrational support and subsidy generation received by the British Rail were amounted into £1,627m and

£4,593 during the year of 2005. The reports and studies of Monsuur et al., (2017) stated that the control over subsidies were initiated on the completion of additional safety investment regarding the Hatfield crash.

**Efficiency:** With the purpose of serving the private sector, the key expectations on British Rail privatisation was to ensure railway service efficiently. The reports of Charanwanitwong and Fraszczyk (2018) stated that the consolidated expectations of railway sectors were slashed under the non-fulfilment from railway system. On the other hand, several organisations supporting railway services were facilitated in providing with improved efficiency between 1997 and 1998 under the regular industry costs incrementing on daily basis. The expenditure of railway system is subdivided into the following segments:

<b>Cost</b>	<b>Percentage</b>
Train costs	11%
Fuel cost	4%
Costs on industry staff	25%
Payment of interest rate and other amenities	9%
Rail network investment	26%
Maintaining track and trains	22%
Train company profits	3%

*Table 2.3: Classifications of railway expenditure*

*Source: Charanwanitwong and Fraszczyk (2018)*

**Profitability:** The calculations published by the Centre for Research on Socio-Cultural Change represented the year ending financial statements of rail companies with the return gain of 147% on every pound. Nevertheless, the statements of Monsuur et al (2017) justifies on the foundation of fullfact.org and its fully paid amount and subsidy payment back to

administrational authorities with a 3.4% financial backup on the year ending scenario of March 2012.

**Political control:** A key advantage of privatisation was found to be the removal of railway affairs from the short-term control by political influences impacting adversely on the railway industry as well as affecting the long-term investment requirements of railway systems. In accordance to the studies of Profillidis (2016) and the observations of Charanwanitwong and Fraszczyk (2018) identified that this considerable influence of political influence has neither affected the recent changes of railways nor the structure of railways. The consolidated accounts were submitted in the early phase of September 2013.

**Ownership:** Privatisation defines an open platform of railway operations into the free market encouraging market competitions among the numerous private firms and organisations. According to Profillidis (2016) and Del Monte and Price (2015) several franchises were found to conclude on the common ownership and dominance of transport groups. The groups beholding the origins and deregulations under the consolidation of services and practises, it was evident that common private owners operated both train and bus services. On the other hand, criticism and findings on market competition was laid on four major possibilities of sustaining current market structure and system with the significant access to operations, increased franchise overlapping, each franchise consisting of two franchisees and the multiple operators licensing under conditional acceptance (Charanwanitwong and Fraszczyk, 2018).

**Disputes:** Splitting the network of railways faced significant side effects under various segments such as private organisations, relationship between the governmental regulations and the organisational functioning, the need for dispute resolution and the dispute patch up in the presence of court. According to Monsuur et al (2017) the privatisation critics that gained immense arguments on the system cost and time consumption, negligent purpose in comparison with the genuine market competition. On the other hand, the major arise of dispute was identified in succession to the Hatfield rail crash of 2000 where the rail track was influenced by several speed restrictions and network precautionary measures.

### 2.13 Customer experience as a driver of passenger satisfaction

One of the main themes emerging from the literature is that passenger experience is one of the key drivers of passenger satisfaction in railway services. This is summarised in the below table.

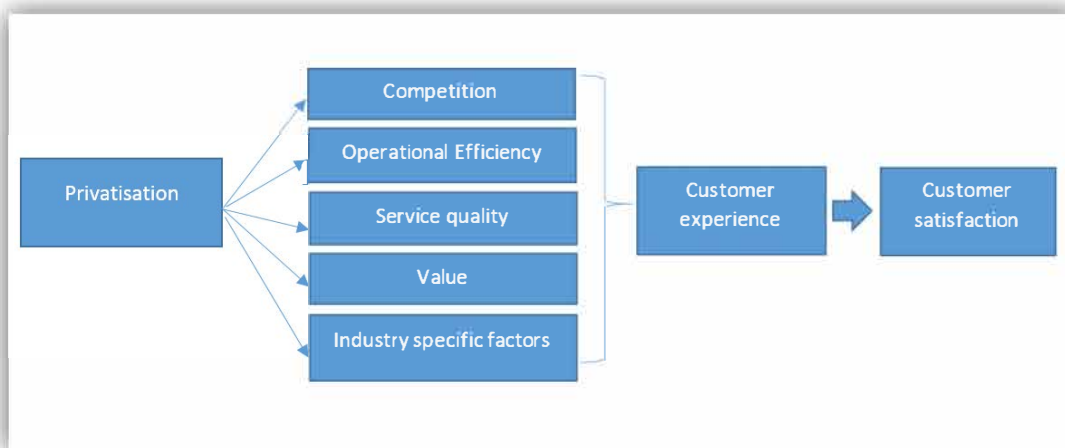
<b>Author</b>	<b>Findings</b>	<b>Implications</b>	<b>Underpinning variable</b>
Ong, et al. (2015)	Automating the services at railway terminals increases the convenience which in turn results in improving the satisfaction	Highlights that automation of railway terminal service leads to operation efficiency improvement which in turn leads to improved passenger experience	Operational efficiency
Flammini, Bologna and Vittorini (2011)	Identified that service cost, travel time, punctuality, safety, reliability and cleanliness were determinants of passenger satisfaction.	This result also aligns with the argument that passenger experience is the most crucial factor determining passenger satisfaction.	Value and operational efficiency
Ahn, et al. (2016)	Use of real-time information systems led to increase in customer satisfaction	Real-time information systems are known to improve passenger experience by enabling real-time tracking and information access.	Operational efficiency
Mouwen (2015)	On-time performance, service frequency and travel speed are crucial factors that influence the satisfaction of the customers in the public	The factors identified in the study are antecedents of passenger experience	Industry specific factors

	transport service		
Marinov, et al. (2014); Lecomte, Pinger and Romanovsky (2016); Chou, et al. (2018); Flammini, Bologna and Vittorini (2011)	Service cost, reliability, punctuality and travel comfort are the factors determining customer satisfaction in railway services	The factors identified in the study are antecedents of passenger experience	Value and operational efficiency
Aydin, Celik and Gumus (2015); Chou, et al. (2014); Geetika and Nandan (2010); Miranda, et al. (2018)	Service quality is the most important parameter determining customer satisfaction	Service quality is an antecedent of passenger experience	Service quality
Flecker and Hermann (2009) Parker and Hendry (2014)	Increase in competition in the aftermath of rail privatisation drives customer value and operational efficiency and thus leads to improved customer experience	The increase in level of competition in the sector can lead to higher customer satisfaction as customer value increases	Competition

Table 2.4 Customer experience as a driver of passenger satisfaction

The findings of above studies indicate that customer experience underpins customer satisfaction levels in railway services. The following conceptual framework of the study is proposed based on this understanding that customer experience in a railway service determine customer satisfaction.

## 2.14 Conceptual framework



*Figure 2.9: Conceptual framework*

*Source: Created by the author*

With the support drawn literature reviewed so far, the researcher was able to identify that privatisation has a direct impact on the satisfaction of the customers in any industrial sectors. Identifying the increasing importance of privatisation, the literature study of Molinos-Senante and Sala-Garrido (2015) and Hulsink (2012) identified that competition, operational efficiency, service quality, value and industry-specific factors constitutes the factors contributed by privatisation. Analysing the factors affecting the satisfaction of the customers availing the railway services, it was also identified through the literature study that the factors contributed by privatisation inflicts a direct impact on the passengers (Aydin, Celik and Gumus, 2015; Lecomte, Pinger and Romanovsky, 2016). Thus, through the literature study it was identified that privatisation in any industrial sector helps in improving the satisfaction of the customers and this depicted in the above conceptual diagram in figure 2.1.

The above conceptual framework theorises that privatisation leads to improved competition, operational efficiency, service quality and value in a sector leading to improved customer

experience (customer travel experience). The conceptual framework also theorises that industry-specific factors such as competitiveness within the sector and level of consumer awareness also influenced the relationship between privatisation and customer experience. As customer experience and customer satisfaction are inherently linked; the improvement in customer experience gained from privatisation in a business sector leads to improvement in customer satisfaction levels. Hence, it can be summarised that the conceptual framework outlines the link between privatisation and customer satisfaction along with the intermediary factors that govern this relationship.

Privatisation has been defined as the process of public organisation getting transferred to a private ownership. The most significant strategy of privatisation is to influence the economic growth and administrative involvements into the industrial sectors of steel, oil, telecom and manufacturing. Le Grand and Robinson (2018) justifies the influence of privatisation over the years as a self-employed and self-developed economic growth promotions. The initiation of privatisation in the year of 1970s has influenced the functionalities and transportation industry of UK significantly. The persistence of privatisation was observed during the mid-1980s and 1990s.

The key factors influenced by privatisation have been identified as competition, operational efficiency, service quality, and value and industry specific factors. With the economic factor being influenced into the process of British Rail privatisation, it could be concluded that economic factors influence privatisation. According to the reports of Haywood (2016) it was noteworthy that economic stability played significant role in private and public enterprises. Further it was evident that the increasing competition was necessary and enough for the opening of competition in every sector.

The nepotism on the other hand identified as the key factor influencing the process of privatisation was lately termed as world politics globally. Considerable role played by nepotism was identified in administrative sectors. According to Renzetti and Dupont (2018) the conversion of public sector into private form of organisation was the restricted the role of governmental sector from nepotism. Further studies were also identified on the importance of service quality with the aftermath in British Rail privatisation. Woodburn (2015) moreover justifies on the value of privatisation were an authorised public sector would be transformed into private ownership organisation. Therefore, satisfying the influence of privatisation on the factors satisfies customers in every consent.

The factors thus influencing the customer satisfaction is observed to initially affect customer experience on the privatisation of British rail. Customer experiences in every attribute influences the existence and sustainability of an organisation as well as a strategic procedure adopted by any authorities. Therefore, positive customer experience offers with infinite sustainability and customer acceptance in society, whereas, adverse experience of customers on a specific strategy lacks societal support and trust.

Ultimately, customer satisfaction is what every organisation aims at attaining through the formation of various organisational regulations, policies and rules. Satisfying customers has been the most crucial task for every organisation for societal existence and sustainability. Eagling and Ryley (2015) statements on the conceptual framework to be in line with the research issue of privatisation of British rail and thereby to attain customer satisfaction for the sustainability of the process within the society. Thus, according to the framework structure implies, privatisations influences the key factors such as competition, service quality, value and industrial adaptability on the customer experience of transportation sector and with the ultimate influence and satisfaction of customers on the rail system in support of privatisation.

Although the literature study was effective in establishing the correlation between privatisation and customer satisfaction, the studies that critically reviews this notion in British Railways with special emphasis on London Overground was relatively less. Thus, taking into consideration this gap, this study focuses on the context of London Overground for analysing the effects of privatisation on the customer satisfaction.

### **2.15 Identification of research gap and conclusion**

The literature review which analysed the context of privatisation and customer satisfaction indicated that, over the decade, there has been ample researches which tried to solve this relationship. However, a dearth in focus on this direct link is evident from the above analysis. Most of the studies sought to assess the mode of liberalisation and subsequent performance in terms of profitability. Another key focus was on the changes in the subsidies and timely performance of the passenger services. Towards this assessment, while some studies looked at the European-wide context, some studies took a comprehensive approach by including a comparative analysis of several privatisation approaches and models. The critical findings produced by such studies is that privatisation has failed to create profitable effect. The shift towards de-privatisation has also been upheld by some specific studies as evidenced by the case of New Zealand model. Nevertheless, the failure of public-owned railways in providing



a sustainable and profitable performance could also be understood from the case of the French model. In this context, it could be surmised that several factors challenge the execution of railway service in deriving better optimal performance. However, this context is beyond the perspective of this current research.

Another set of inferences made from this study is related to the privatisation effects and customer service improvement. These studies took a customer perspective and shown that privatisation enabled massive improvement in service quality along with an enhancement of operational efficacy (Hermann and Flecker, 201; Assaf, 2010; Anell, 2011) especially in the realms of telecom and automobile. Similarly, the study by Assaf (2010) pointed out that a significant improvement in the cost-efficacy is noted with the Australian airports post-privatisation. On the other hand, the findings of Al'Afghani (2012) produced mixed results showing that the effects vary with the difference in the industries. One of the key inferences made by this study is that in sectors which are characterised by increased competition showcased elevated levels of customer satisfaction.

Whilst these studies evaluated the general cases of privatisation, the authors such as Jupe and Funnell (2017) focused on railway privatisation and used social cost-benefit analysis for determining the implications of privatisation on the case of customers and government. This study ascertained that there are significant positive implications, especially in areas such as timeliness, fare services and service quality. Nevertheless, this study indicated that without incurring investments in rail infrastructure, these advancements were not possible. Thus, it could be contended that the associated support from the government in relation to rail infrastructure and subsidies are vital for accomplishing these improvements. At the same time, it could be argued that rail privatisation leads to such spill over effects impacting the overall developments (Nash, 2009). On the other hand, the real successful case such as Japan railway privatisation underpinned that privatisation would improve the overall performance without the indulgence of government in areas such as infrastructure. However, the study of Jupe and Funnell has not made any explicit links between customer satisfaction and rail privatisation.

Similarly, the findings of Monsuur et al., (2017) have shed light on another important aspect of rail privatisation, and this is related to the increase in the passenger number. This effect is evident in all the cases of rail privatisations and this could be linked because of rail privatisation. However, this increase has not resulted from a reduction in the fare which

pointed out another aspect of customer satisfaction in relation to railway services and, this could be analysed from the perspectives of customer satisfaction models such as ASCI. This because these models have shed light on the fact that the perceived experience has a significant role in delineating customer satisfaction, as noted by Hill and Alexander (2017). However, there is a notable dearth in the studies which have investigated because of the London Overground privatisation.

## **CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Introduction**

This chapter of the research includes a detailed research plan that integrates different components of the study in a logical way that will adequately address the research issue. The methodology section additionally constitutes the outline for collection, measurement and analysis of information. Mackey et al., (2013) define research methodology as the analysis of the methods, approaches, tools and frameworks employed by a researcher. According to the opinion of Flick (2015), for a researcher, it is necessary to design a research methodology for a given problem. Which is essential for the researcher to understand the study.

Through this chapter, the researcher has discussed various methods included in the research methodology. It begins by stating the research hypothesis, research approaches, research philosophies, research design, research strategies, data collection techniques and sampling along with proper justifications. Besides, the researcher explained the data analysis plan, ethical and accessibility issues and limitations which occurred during the study in this chapter.

### **3.2 Research Hypothesis**

From the literature review, it could be conceptualised that the three key areas impacted by the privatisation include, punctuality, service quality and customer satisfaction. Nevertheless, from the literature review, it has not been made clear whether there is a statistically significant association between these variables. To assess this, the following hypotheses are developed. The implication of developing these hypotheses in this study is that they would serve as a basis for identifying whether the correlations are present or not.

**H01:** The privatisation of London Overground has not had significant positive impact on passenger satisfaction levels.

**H02:** The privatisation of London Overground has not had significant positive impact on punctuality of the train service.

**H03:** The privatisation of London Overground has not had significant positive impact on the quality of customer service offered by the train service.

H1: The privatisation of London Overground has had significant positive impact on passenger satisfaction levels.

H2: The privatisation of London Overground has had significant positive impact on punctuality of the train service.

H3: The privatisation of London Overground has had significant positive impact on the quality of customer service offered by the train service.

Where H01, H02 and H03 are null hypotheses and H1, H2 and H3 are alternative hypotheses.

### **3.3 Research Philosophy**

Researchers consider research philosophy as a belief where the data about a phenomenon is collected, analysed and used. The observation of O’Gorman et al., (2014) goes with the statement that research philosophy is general beliefs and assumptions on collection, analysis and handling of data for the research study. Moreover, it is regarded to be a set of general assumptions that are made while approaching a research problem that decides approaches for data collection and its interpretation. According to Babbie (2015) depending on the objectives of a research problem being addressed the researcher will choose the research philosophies. Besides, these research philosophies are selected based on the way through which the research objectives are achieved. Moreover, Hughes and Sharrock (2016) noted that the ideas formulated on the nature and source of the data are used in almost all stages of the research process. O’Gorman et al., (2014) in addition stated that research philosophies are categorised into many divisions depending on the full range of disciplines. Moreover, it was observed by Babbie (2017) that there exist debates on the selection of various divisions of research philosophies.

The research philosophy is a belief or norms related to the development of the knowledge, (Barbie, 2015). Moreover, it was necessary to make a clear understanding of the assumption related to the research philosophies. The research philosophy offers an objectivism and subjectivism approach to the research study (Taylor et al., 2015). The objectivism is related to the various assumptions related to the natural sciences that the social reality dealing with it is external to us. The commonly used and widely accepted research philosophies are positivism, interpretivism and realism. The positivism philosophy adheres to the view that

science is the only way to learn the truth (Eriksson and Kovalainen, 2015), leading to the statistical analysis based on quantifiable observations.

In contrast, according to Ryan (2018), Interpretivism philosophy uses humanistic qualitative methods. Besides according to Lindlof and Taylor (2017), interpretivism assumes that access to a socially constructed reality is only possible through other social constructions such as language, instruments, shared meanings and consciousness rather than any other sources. Instead of rigid structural frameworks as noted by Antwy and Hamza (2015), interpretivism chooses more personal and adaptable structure to interpret meanings in human behaviour and other subjective experiences. On the other hand, Mayer (2015) pointed out that in case of realism philosophy the assessment of truth is the fundamental objective and it considers both opinions and views of the respondents. Moreover, Meyer added that realism philosophy recognises the independence of reality from human mind and perceptions. This philosophy additionally assumes that the scientific approach can be utilised for the development knowledge relevant to the research study being addressed.

The research has employed the positivism research philosophy for analysing the current research study as it considers the real facts regarding any research topic. The researcher's role in positivism is limited to data collection and interpretation and is independent of the study (Ormston et al., 2014). By utilising the positivism philosophy, the researcher was able to explain specific methods related to the present research study. Since the positivism philosophy is focussed on the systematic procedure that facilitates the researcher to gain the relevant knowledge required for the research study, this philosophy is appropriate for the kind of researchers that needs a prearranged move towards analysing the research variables. Positivism philosophy is considered as the most suitable method for examining the real facts related to the topic being investigated. Moreover, the positivism philosophy helps the researcher in identifying and quantifying various elements related to the problem. As the current research study is on the British railway privatisation and their effect on the satisfaction of passengers in London Overground were based on understanding the information about the facts or theories rather than the human viewpoints or insights, positivism philosophy was more suitable.

The study by Hughes and Sharrock (2016) pointed out that positivism regards human behaviour as controlled and determined by the external factors and is considered as passive. The positivism philosophy according to Babbie (2015) adopts scientific methods and orderly

arrange the knowledge generation process by using quantification to improve the precision and accuracy in the description of parameters used in the research study and the relationship between them. Moreover, for achieving the research objectives, positivism philosophy has been used since it is the method in which is related to the proof such as quantitative results. Furthermore, implementing positivism philosophy facilitates it more accessibility to reproduce the findings of the research, as it is conducted within the context that facts are being analysed. Positivism strictly adheres to the concept that the reality can be perceived and interpreted in an objective viewpoint and is found to be stable.

The topic of the investigation was to state the impact made by the privatisation of London Overground on passengers. Moreover, the study was conducted to evaluate the improvements in the customer service quality because of the privatisation of London Overground. As positivism is an approach that is used to study the society that relies mainly on scientific evidence like statistics and experiments this approach can be used for the current investigation. Besides, according to Hughes and Sharrock (2016), positivism is used to disclose the true nature of how the society functions.

Positivism on the other hand as observed by Lindlof and Taylor (2017) looks for experimental regularities which are correlations between the two variables. Factors that contribute to the privatisation of London Overground is thus identified by employing the positivistic approach. Moreover, the satisfaction elements that lies among the passengers were also identified utilising the positivistic approach as it accurately reflects the full range of human experience.

By applying the positivism philosophy, the researcher was able to understand quantitatively the main factors that affected passenger satisfaction. In addition to these, the research decisively evaluates the impact of British Railway privatisation on passenger satisfaction. Various social aspects such as the responses of the people using the London Overground, the social changes which occurred in the decision and implementation of the privatisation of British Railways are broadly identified and evaluated by employing the positivist philosophy. As mentioned by Hughes and Sharrock (2016) positivistic approach is based on the observation that whatever exists it can be assessed through observation, experiments and logical or mathematical proof. Moreover, the positivistic approach has been categorised into either of the class such as a true statement, false statement or a meaningless statement.

Therefore, the implementation of the positivist philosophy in the study has enhanced the understanding of the research variables in an in-depth manner.

### **3.4 Research Approach**

This research utilised the deductive approach as this approach helped the researcher identify and choose appropriate theories and facts regarding the research topic. Research approach can be defined as the process of gathering data and information for making the adequate decision. Silverman and David (2011) define research approach as the plans and procedure adopted for collecting the required information. According to Mettlar (2011), research approaches to data analysis are mainly divided either as inductive approach or deductive approach. According to Bryman and Bell (2015), notes that the deductive research approach tests the strength of the hypothesis or theories existing whereas the inductive research approach delivers to the generation of new theories and generalisations.

According to Creswell (2013), the deductive approach helps the researcher to develop a hypothesis based on existing theories, and it uses quantitative data. Likewise, Ormston et al., (2014) stated that deductive approach is mainly aimed and tested the existing theories and facts and generally initiates with a hypothesis. The implementation of deductive approach in a research study might evaluate and find out the relationship or link and gain on more general conditions. On the other hand, it can say that deductive approach is considered with abstracting conclusions from foundations. The deductive approach works more specifically, and it is known as the top-down approach as it flows from general to a model by creating the theory. As Vogel et al. (2011), contents the deductive approach, the investigator can start the research study by utilising various established facts or theories in related with the research topic. Bryman (2017), reminds us that deductive approach has various benefits. The deductive approach can explain the relationship between the variables and the concepts, as well as it has a potential to generalise the research results. Furthermore, deductive approach investigates an existing theory and tests whether that theory is suitable for the research topic. The deductive approach pursues the way of logic. After the application of deductive approach, a hypothesis will be obtained, and this hypothesis is tested with observations of the research study and then determines whether the hypothesis is confirmed or rejected, (Flick 2015).

In Shipman (2014), was clear in arguing that the research approach is a plan and tactics that are employed by the researcher in obtaining the various methods of data collection, analysis of the data and its interpretation. While implementing the procedures, it is necessary to make some decisions, and the entire decision making is associated with understanding the research issue. Further, from the notion of Palinkas et al., (2015), the research approach is opted based on the nature of the research study and the kind of data required for conducting the study. The research approaches are mainly for two purposes the approach for collecting data and the approach for analysing and interpreting the data. The primary research approaches for the data collection includes methods such as develops a rationale for mixing unbiased approaches, statistical procedures position him- or herself, presents visual pictures of the procedures in the study, gathers both qualitative and quantitative data and collaborates with the participants.

The inductive approach and deductive approach come under the research approaches for data analysis. The research approaches for the analysis is primarily used in case of a research study. In the case of a qualitative analysis, the inductive research approach is the best suitable one. While deductive research approach is appropriate for the quantitative analysis. Apart from this, it is possible to utilise a mixed research approach in some cases as it is a combination of inductive research approach and deductive research approach. However, it is necessary to maintain consistency between the methods adopted for the study. In addition to this, the opinion of Hughes and Sharrock (2016) reveals that while selecting a research approach there are some criteria to be followed. The primary criteria are to understand the actual research problem and the various questions associated with the research problem. Further, it is necessary to employ the personal experiences and knowledge attained by the researcher so that it will help in adopting the suitable approach. Finally, the audience should be considered in such a way that the data interpreted should be understandable by the readers.

However, from the opinion of Lewis (2015), inductive approach is more flexible because it is not based on predetermined theories. According to the view of Creswell (2013), an inductive approach, it initiates with the observations or findings of the research and then the theories are proposed because of the overall research process. Additionally, the inductive approach involves the investigation of the model from the obtained observation results and the generation of new theories. Since there has no application of theories or hypothesis at the initial stage of the research, the investigator will become more flexible and can adjust the direction for the research study after the investigation process started as stated by Maxwell



(2012). However, the inductive approach will not avert the investigator from utilising the available theories to prepare the research questions to be investigated.

The inductive approach uses qualitative data, and it is also called bottom-up approach as it moves from specific observation to broader generalisation and theories. The investigator utilised observations to create an abstraction that is being investigated in inductive approach. Maxwell, (2012) opined that while a researcher followed the inductive approach it begins with a research topic and the investigator likely to produce experiential generalisations and identify beginning relationships as the researcher continues the research study. In addition to these, the inductive approach generally employed the research questions to constrict the range of the study. Besides, the inductive approach mainly aimed to investigate on exploring new theory or searching for previously investigated phenomenon from other aspects as viewed by Gray (2013).

The investigator evaluated the effect of British railway privatisation on the passenger satisfaction by analysing the existing theories and facts regarding the topic. Hence deductive approach is most suitable research approach for the current research study. Since the present research study has not formulated any new theories based on the hypothesis, the researcher did not consider the inductive approach. Moreover, the deductive approach helped the researcher to fathom the situation of the research problem and to create the hypothesis based on the existing theories and reviews. The deductive approach used in this study had assisted the researcher in finding the factors that were contributing to the privatisation of London Overground. Furthermore, the deductive approach delivers a way for examining the elements affecting satisfaction levels among railway passengers. Since the deductive approach is related to the quantitative analysis, the researcher was able to identify how the British privatisation of railways affected the satisfaction levels of passengers of London Overground. For the present research study, the researcher had not used qualitative analysis techniques for the data analysis regarding the research topic and hence the researcher neglected the inductive approach. Hence by utilising the deductive approach, the accessibility of previous knowledge on both the dependent and independent variables passenger satisfaction and British railway privatisation could be analysed.

### **3.5 Research Design**

For analysing how the privatisation of British Railways on the satisfaction of passengers the research has utilised the explanatory research design. From the opinion of Meyers et al.

(2016) research design is that phase of a research methodology that deals with the selection of method that is implemented in the data collection process. Creswell and Creswell (2017) state the research design is considered as the choice of qualitative and quantitative research methods. As such it can be defined as the general plan for dealing with a research problem. Strategies adopted for conducting a research study along with the data collection methods are crucial elements of research design. According to Turner et al., (2017), overall plan of the research study that permits exact evaluation of cause and effect association among dependent and independent variables of the study issue. Moreover, it is also noted that through adopting the effective research design the researcher can ensure that the data collected that are related to the research issue logically and as decidedly as possible.

Further, it is also noted that the method that has been used for the data collection has been implemented through the research design. According to Salazar et al., (2015), it has been observed that when the exploratory research design is adopted when the researcher understood the research issues and the plans that are to be carried out from the stated intervention strategy and the need of research design in the study is essential to follow a characteristic cycle. In the research study the action of the research study has taken place during which the pertinent observations are gathered in different forms at time. Further, it is also noted from the report of Lambert and Lambert (2012), that until the adequate understanding of the research issue is achieved the cyclic process of the research study will be continued and thus the new interventional strategies are carried out continuously. It has also been observed by Salazar et al., (2015), that one of the cyclic and iterative methods used in the research study is the research design and it intends to foster deeper understanding of the provided situation, beginning with conceptualisation and particularising the issue and moving over various evaluations and interventions. Though, there are three types of research designs namely explanatory, exploratory and descriptive research design (Lambert and Lambert, 2012).

The descriptive research design is employed in the case study, naturalistic observations and survey whereas the explanatory research design is used for finding out the issues and facts which have why questions or in search for the reason behind an incident.

Further, it is noted that by undertaking the explanatory research design the research issue which was not researched previously can be analysed in detailed manner which demands precedence, produces operational definitions and offers better-researched model. Similarly,

the explanatory research deals with the relationship between the two research variables and clearly defines what the problem is (Kelly et al., 2014). Whereas the exploratory research design provides extra information about a specific topic after conducting an appropriate investigation (Salazar et al., 2015). Further, it is also noted that one of the effective research designs to be utilised in the research study is the exploratory research design as it is more effective in positioning the groundwork which helps the upcoming studies to easily analyse the research issue in detailed manner. However, in the descriptive analysis, a detailed investigation of a topic is performed, and additional data is delivered (Turner et al., 2017). Thus, the research has adopted the explanatory research design to accumulate required data to complete the research.

Further, from the view of Shipman (2014) as before constructing a building, it is necessary to develop a prototype a social research study also requires a design before starting the data collection and analysis. Apart from a plan a research design details what are the procedures to be done for completing the study. The primary purpose of the research design is to make sure that the obtained evidence can answer the research question. Hence the research design will be dealing with the logical problem rather than the logistical problem. Palinkas et al. (2015), argued that the research design is the various strategies that are adopted by the researcher throughout the research study for integrating the multiple components involved in a study logically and systematically. This means that, like the research approach the research design facilitates in gathering the data and analysing it. But the differences are that the research design is specifying how to collect the data by using which type of data collection plans.

Similarly, from the observation of Golder et al., (2017) the research design is considered as the blueprint for undergoing a research study with managing the entire factors that are associated with providing a valid result for the study. Similarly, from the views of Flick (2015) the research design is the plan describes how, when and where to gather the data that is essential for conducting the research study and how these obtained data are analysed. Drawing on these, the research design can also be defined in this case as the researcher's capability to respond to the research questions and to undergo the test for the hypothesis. However, Turner et al., (2017) opines that the research design is a different process from the data collection methods as the research design is offering a logical structure to the investigation process. Along with this, it is noticed that the research design is closely associated with the qualitative and quantitative research methods.

For the present research study, the most suitable research design was the explanatory design as it helps in connecting the ideas about the cause of the research issue and its further effects. As the study focuses on analysing the effect that privatisation of London Overground created on the passenger satisfaction explanatory design could help the researcher in attaining explanation on what is going on in the study. However, from the observations it has also been observed that by using the explanatory research design while conducting the study due to the lack of statistical strength it does not provide any conclusive results, but it makes the researcher to assess why and how the studies has been conducted based on the research issue. Moreover, it is also noted that by using the explanatory research design in the research study the cause and effect of the study issue variables could be understood and makes understand the researcher the status of the research study.

In this study by implementing the explanatory research design the researcher able to understand that the privatisation of London Overground has had significant positive and negative impact on passenger satisfaction levels. Therefore, to obtain direct views and opinions of the passengers and with this opinion to evaluate the hypotheses the most appropriate research design is explanatory. Since explanatory design explains the problems and facts which have on the lookout for a reason behind a specific phenomenon, the current research study has utilised the explanatory research design. However, by the utilisation of explanatory research design the researcher was able to gather appropriate information regarding the factors that are influencing the privatisation of London Overground, the elements influencing the railway passengers' satisfaction level and how the privatisation of London Overground effect passenger satisfaction level. Moreover, the research by conduction supplementary researches was able to gather additional information regarding the current research issue.

### **3.6 Research Strategy**

One of the critical steps involved in a research study is the selection of the appropriate research strategy. The researcher was able to attain enough information on the research subject utilising the proper research strategy. Hence, it is evident that the appropriate choice of research strategy has a vital role in evaluating the success of the study. The researcher gave the time of strategy selection higher prominence as the primary intention of the investigation was to analyse the issue within a framed period. Further from the observation of Taylor et al.

(2015) the research strategy helps in understanding the major components of a research study such as the methods, designs and perspectives. In addition to this, the research methodology is the theory of multiple methods. Likewise, the research strategy is a component of the research methodology that defines the way in which the researcher will be gathering the details for answering the research questions associated with the study. The major types of research strategies are surveys, ethnography, experiments, case studies, action research, archival research and grounded theory.

Out of the several research strategies such as interview strategy, survey strategy and case study evaluation the researcher finds survey approach has a higher relevance evaluating the issue. However, on viewing the concepts related with case study strategy the researcher able to understand that the case study approach helps in attaining in-depth knowledge on the study, but it takes more time than that of the survey approach (Brannen, 2017). Creswell and Crewell (2017) additionally commented that the 'why, 'how' questions are answered using the case study approach. According to Mettlar (2011)'s observation survey strategy helps in gathering the massive data from a specific population. Besides, Veal (2017) observed that survey approach assists the researcher in obtaining the multitude of research outcomes simultaneously, therefore, it is regarded as a less cost needed strategy.

According to Brannen (2017), research strategy is a general framework utilising for solving a research problem. Systematic research can be conducted using survey approach resulting in detailed report and quality outcomes. On the other hand, Veal (2017) opined that interview strategy has a role in fetching information related to the research issue. Interview strategy is a qualitative research method where the interviewer and respondents explore their perspective on an idea. Interviews can be structured, semi-structured or unstructured. It is based on a sequence of questions with the interactional exchange of dialogues between the parties.

In this current study utilising the survey approach, the researcher has obtained the quantitative data required for the study. The implementation of the survey strategy additionally helps the researcher to analyse the importance of privatisation of London Overground on influencing the passengers. Moreover, the study by evaluating the survey results could assess the various factors that determine the customer service quality offered by the privatisation. More importantly from the survey results in the researcher able to understand the importance of privatisation of London Overground on gaining punctuality in the train services.

### **3.7 Variables**

With the use of the survey questionnaires prepared by the researcher, the dependent variables and independent variables are identified. Moreover, recognized variables were tested. Dependent variables and independent variables are used in the current research study. In the present research survey, the influence of one variable to another variable plays an important role to analyse the research hypothesis. In this report, the survey is designed to gain understanding regarding the influence of privatization of British railway on the satisfaction levels of passengers. From the survey questions, it is understood that passenger satisfaction is dependent variables and privatisation of British railways is the independent variables.

### **3.8 Questionnaire design**

To acquire data needed for the survey, a well-prepared questionnaire was used. According to Brace (2018) designing of a questionnaire is essential for a research study if the research study included the survey method. Moreover, Neuman (2016) pointed out that questionnaires help to address the research questions and hypothesis. Additionally, Brace (2018) noted that research questionnaires help to test research hypothesis and with the help of research hypothesis research questions can be answered. For the current research study, 200 set of questionnaires papers were prepared, to determine the effect of privatisation of British railways on the satisfaction levels of passengers. The questionnaires are based on the travelling experience of the passengers and staff experience. Through the survey, the researcher aimed to evaluate the effect of privatisation of British railways on the passenger satisfaction. The questionnaire was designed to understand the satisfaction level of customers on privatised railway services of London. Besides, the questionnaire designed in a way that which determines the factors that affect the satisfaction levels of the railway passengers. In addition to these, the questionnaire was prepared to identify the major issues confronted by the passengers due to the privatisation of London Overground. Moreover, the questionnaire considered some of the services offered by London Overground which has the strength to improve the satisfaction of the passengers. Through these questions, the research could test the research hypothesis and was able to answer the research questions.

### 3.9 Getting access to case organisation/ conducting survey

To ensure that the survey was used, the researcher required permission from the service delivery manager in the East London Overground line. The researcher approached the manager in August 2017. The service manager got interested in the research subject, and he further informed the researcher that he would discuss it with the senior manager and notify the researcher later. However, for short period of three months, there was no information from the side of the service manager. Then the researcher decided to discuss the issue through email with other senior representatives in the service session. Later, during the period January 2018, the researcher was informed by the senior manager who has been consulted initially that customer experience manager could help the researcher for obtaining further details on the research queries.

During the initial phases, the researcher failed in establishing with the customer experience managers as they seem to be busy with their work schedule. Later the researcher got an opportunity to meet the customer experience manager and discuss the queries related to the study and approval for distributing the survey questionnaires to passengers and staff of London Overground. The customer experience manager told the researcher that the London Overground was operating under TFL (Transport for London) and he must get permission from TFL and on behalf of the researcher, the customer experience manager would be looking for approval from TFL. Besides, the customer experience manager reminded the researcher that the approval from TFL might take weeks or months. On January 31, 2018 the researcher received a mail from the customer experience manager stating approval for the research survey to be conducted in 10 stations. The 10 stations and their details are as follows.

No	Station	Details
1	ANERLEY	Anerley is located at London Borough of Bromley in South London. Moreover, it is around 7.5 miles from London Bridge which is the major attraction in London. This station will be operating as a part of the London Overground after taking over the management from the southern railway. The primary reason for selecting the

station for conducting the survey was the proximity to the London Bridge.

2 DALSTON  
KINGSLAND

Dalston Kingsland is one of the major North London Line. The station is located at London borough of Hackney. The famous Ridley road market is located opposite to the station.

Further, the station is taking the second position as the among the busiest station in the network and the commuters are the significant elements making the station busy. Thus, the primary factor that leads the researcher to choose the station to survey as the station is having a high influx of passengers travelling to and fro.

3 HACKNEY CENTRAL

Hackney Central station is a London Overground situated at the sub-district of Hackney. It is located around 4 miles from the Northeast of Charing Cross. The station is crowded during the peak times, and there is many passengers passing through the station. The station was selected by the researcher to obtain the opinion of the passengers about the effect of privatisation of British railways on passenger's satisfaction due to the high number of passengers accessing the station.

4 KENSINGTON  
OLYMPIA

Kensington Olympia is a London Overground station is a combined rail and tube station between the locations of West Kensington and Kensington located at the boundary of Central and West London. It consists of the Olympia exhibition situated adjacent to the station, and this makes the station busy. It is during the time of the exhibitions the station has the highest number of passengers travelling to and fro the station. Hence the busy nature of the station is the primary factor that made the researcher to choose the station for conducting the survey.



5      PENGE WEST

Penge West railway station is situated at London Borough of Bromley in South London. The station is offered services from the London Bridge and London Victoria and is operated by the London Overground. The major attraction of the station is that the Penge East and the Crystal Palace is one-mile distance from the station a positively influenced the influx of passengers. Thus, the researcher has selected the station for surveying the passenger to gather details regarding the effect of privatisation of British railways on passenger's satisfaction.

6      SHEPHERD'S BUSH

Shepherd's Bush overground railway station is situated in the district of Shepherd's Bush in Greater London, UK. Moreover, it located next to-the shepherd's Bush underground railway station. In addition to this, another major attraction to the station is that the Westfield shopping centre located close to the station. Thus, the station is highly used by the commuters for various shopping purpose. Hence the researcher selected the Shepherd's Bush railway station due-to the higher influx of passengers.

7      SHOREDITCH HIGH  
STREET

Shoreditch High Street railway station is situated in Shoreditch which is on the fringe of central London. Moreover, Shoreditch High Street railway station is the only overground station in the category travel zone 1. In addition to this, the station includes many passengers travelling to central London and other neighbouring stations such as Hoxton and Whitechapel. Since the trains are providing services on Saturdays and Fridays, the station stays busy during the weekends, and the crowd is the major

reason for selecting the station.

- 8        STRATFORD                      Stratford railway station is known as a multi-interchange station providing services between the various stations in Stratford in the London borough of Newham, East London. The Stratford railway station is under the management of London underground. The researcher has opted the station for survey because of the high influx of passengers using the station for interchange/ tourist attraction as the Westfield shopping centre is located outside the station.
- 9        SYDENHAM                              Sydenham railway station is situated in the South East London borough of Lewisham, Bromley and Southwark. Sydenham is a district which has a population around 30000 people. This huge number of people travel to and fro the station for using the overground train and southern services. Hence the Sydenham railway station was selected for conducting the survey.
- 10      WILLESDEN                              Willesden Junction is a national rail station located in the Harlesden, North-West London. The London Overground manages Willesden Junction rails. The low-level platform of the Willesden station is having 1 and 3 platforms used by Bakerloo line and London Overground services. Whereas the high-level platform is having 4 and 5 platforms with services that serve the north London line to the east of the station.

This mail for access was forwarded to the service heads of Willesden Junction and Stratford stations on 27th February 2018 to inform the service delivery managers about the conduction of research survey since the TFL was pleased with the research questions. A confirmation mail was acknowledged to the researcher on the same day stated that he could conduct the research survey on 28th March 2018. This supported the actual application for the research.

The first survey was successfully conducted in Stratford stations and Willesden Junction on March 28, 2018. Other surveys were subsequently carried out in all the various stations concerned. Before the primary survey, a pilot survey has been done by the researcher. The researcher noted to be polite with the passengers and made them comfortable to fill up the survey questionnaires. The researcher asked the passengers to deliver their opinions on the satisfaction level on the British railway privatisation. For the pilot study, Platform 4 and 5 were chosen at the Willesden junction moreover concentrated on passengers who were waiting for their train to Stratford, Clapham Junction and Richmond area. The researcher arrived at the platform before ten minutes of the arrival of the train. Therefore, the researcher was able to get the attention of the waiting passengers across the platforms. Many of the passengers showed reluctance in participating in the survey as they were busy. However, many of the passengers were ready to participate in the survey. Besides, the researcher told the passenger that not to worry about the train and when the train comes, they could go and could get the proper train at the time.

### **3.10 Pilot testing**

For the current research study, before the main survey, a pilot testing was carried out. A pilot test is a type of preliminary study, which is conducted to evaluate the time, cost and feasibility. Moreover, from the opinion of Arain et al. (2010), the pilot test helps to determine whether the survey will work in the real world by doing it on a few people. The pilot study is also used to improve the design study and performance of a research project.

For the current research study, the researcher had carried out the pilot study on ten passengers/staff from Willesden Junction one hour before the main survey for testing the questionnaire before the data collection. The researcher prepared specific questionnaires for the survey analysis. Some of these questionnaires were distributed among the passengers to determine whether the main survey is feasible or not. From the pilot study, it was understood by the researcher that most of the passengers participated in the pilot study and which shows that the main survey will also get enough participants. The responses collected from the pilot study indicated that the passengers understood the questions. Moreover, by conducting the pilot study, the researcher could estimate the time for completing the main survey.

### **3.11 Data Collection Methods**

According to Taylor et al., (2015), the process of gathering data required for the research study is termed as data collection method. Data collection is defined as the collection of relevant information from a valid source to find out the problems in research. Mainly primary research includes field research and the data collected in primary research is always a new data or information. The different method of data collection has its own advantages and disadvantages. Data collection is the vital part of any research study, and the research issue can be solved by the organised and systematic analysis of the accumulated data. The data collection method has a vital role in determining the success of an investigation as it leads to finding out the objectives of the study.

The researcher can apply various methods for collecting data which is required for conducting the research. For investigating, the researcher can use both primary and secondary data collection methods (Bryman, 2015). From the observation of Saunders (2011), The primary data as Saunders (2011) contents are the original data gathered from the direct source of information. Moreover, the primary data is considered as the most reliable and valid data as it is assembled by conducting an interview, survey, discussions etc. (Bryman and Bell, 2015). In addition to this, the primary data collection method will assist the investigator to evaluate the private opinions of the individuals on the investigation topic. Secondary data is the data gathered from the existing studies, book, journals, online or offline publications, articles, annual reports, websites, blogs etc. The researcher has employed both primary and secondary data collection method for the current research study.

According to Bryman and Bell (2015), the primary data collection method is defined as the data collected for the first time either through direct communication or observation. Likewise, the information collected through the primary data collection method can be obtained through many sources. Moreover, data collection method is noted as the essential part of the research study. Correspondingly, inaccurate data collection method will negatively impact the research study. According to Bryman (2015) data collection method main aims to find a solution for the research problem. Similarly, the data collection method is utilised to evaluate the outcomes by testing the hypothesis formulated. Primary data collection method and secondary data collection method are the two major classifications of data collection methods. The information related to the research study is present abundantly in books, articles and other published sources. The method of utilising the previous research studies

related to the topic is one of the most easily accessible, and these secondary data collection methods are helpful for covering a large portion on the subject. The secondary resources are mainly utilised for conducting an in-depth analysis of the topic. The researcher selects mostly previous articles and journals based on the year of publication and the depth of analyses (Saunders, 2011).

The quantitative method is considered as the cheaper source of gathering information comparing the qualitative data collection method. A close-ended questionnaire is standard in this quantitative data collection method. The results gained through the quantitative data collection method exhibits a high level of standardisation, and due to this reason, the information collected can be easily analysed and compared. However, the qualitative data collection method does not involve any statistical pieces of evidence (Bryman and Bell, 2015).

The qualitative data collection method is associated with emotions and perspective of an individual on the research topic. According to Saunders (2011), qualitative data provides better information and understanding on the research issue by gathering more perspectives of individuals. The primary data collection method is more useful for gathering contemporary information related to the chosen topic. The secondary data collection technique requires precise selection criteria. The research area and the data requirements mainly decide the adequate method which should be selected for studying the topic intensely. Likewise, the nature of objectives and aim are the critical factor that determines which data collection method suits the research study.

The primary data is categorised into quantitative and qualitative data (Punch and Oancea, 2014). The qualitative data is accumulated by interviewing whereas the quantitative data is collected from the survey analysis. The evaluation and monitoring of research study are carried out with the help of qualitative and quantitative data. Apart from interviews qualitative data collection method also includes observations, conversations, field notes etc. Observation is an essential method of qualitative data collection which only includes participant's observations. Qualitative data collection is a purposeful method of collecting data whereas quantitative method is a random method of collection of data. Due to the limitation in accessing the interviewees as well as the less time and cost constraints, the researcher has not including qualitative data for the present study.

The qualitative data is comparatively high expensive data collection method. By implementing the survey method, the investigator could attain quantitative data from smaller samples. This would assist the investigator to identify the factors affecting the satisfaction levels of passengers. Moreover, by gathering the response from the passengers, it could be analysed that the various elements were contributing to the privatisation of London Overground. In addition to these, the researcher could assess the impact of privatisation on satisfaction levels of passengers of London Overground. Besides, from the opinion of passengers of London Overground, the researcher could provide recommendations for enhancing the satisfaction levels of passengers of London Overground. However, focusing on the effect of privatisation of British railways on the passenger satisfaction, the researcher has utilised the quantitative data as it assures the reliable information. Surveying the passengers of London railways was the primary data that was used to analyse in the current investigation.

By utilising the primary data, the investigator was able to understand the effect of privatisation of British railways on the passenger satisfaction. Secondary data is a group of data which has published before.

To maximise the level of research reliability, secondary data plays an important role. When compared to primary data collection, secondary data is less expensive and low time-consuming. In the present research study, the researcher utilised questionnaires for the survey. Questionnaires are one of the essential methods in quantitative data collection. The researcher has gathered the secondary data from different sources such as books, articles, online and offline journals and various websites for analysing the context of British railway. Hence evaluating the privatisation of British railways and the passenger satisfaction, the secondary data assisted the researcher in assessing the impact of privatisation on satisfaction levels of passengers of London. Further, the collected data has been stored in the laptop which is password protected.

### **3.12 Sampling**

The Population considered for the study was the passengers who use rail services as the means of transport in London. As the study is based on the privatisation of the London Overground and its impact on passengers the railway passengers of London have to be considered because it provides maximum information required for the study. The research study has employed convenience non-probability sampling technique for choosing the

samples required for the research study. According to the opinion of Palinkas et al. (2015), sampling is the technique used for gathering information from the sources which are required for the success of the accomplishment of the research study. Sampling technique is classified into probability and non-probability sampling techniques (Acharya et al., 2013). According to Bryman and Bell (2015), the sampling process helps the researcher to collect valid information from a group of samples representing the population and moreover sampling process results in the accurate data collection on the topic. The sampling size is a significant aspect, and in order to ensure quality data, the size should be neither small nor large. From the observation of Palinkas et al. (2015) sampling is observed as the subset of a chosen population and sampling process in a research methodology will fortify the quality of data collected. Sampling is performed because keeping the population because of the difficulties in researching every element in the population. Acharya et al. (2013) pointed out that the chance of errors in the result is high if the selected samples do not reflect the population. The unrepresentativeness of the population mainly occurs when the sampling bias occurs. The biasing occurs if the units are considered from the inclusion list, and the data collected from the units in inclusion will result in invalid data collection. The sampling process is simply mentioned as the study on the properties of selected participants from a large population.

The cost-effectiveness of observing a group or population using the sampling technique is one of the significant advantages of using the sampling process. The chances of the error occurring in the result are higher while minor the population. From the opinion of Acharya et al. (2013) a unit is considered as the minor portion of a population, and the sampling process is less time-consuming. The limitation of considering large population for generalising the information is the main factor that directs the researcher to undertake a sampling process. For some specific research area, the population considered will be quite larger which creates difficulties for the researcher to consider the opinions and perspective of each unit.

The current investigation used non-probability sampling technique as the sample size is selected irrespective of the entire population. Since the study is to analyse the effect of British railway privatisation on the passenger satisfaction in the context of London Overground, passengers' responses were considered as the most relevant data. By utilising convenience non-probability sampling method, the researcher was able to sample the number of passengers of London railways. Hence it was identified convenience non-probability sampling is the most appropriate sampling method for the present investigation. The

convenience sampling technique assisted the researcher in selecting the respondents for the survey as from the accessibility ease of the investigator as well as the passengers of London Overground.

The proximity of the sample is identified as one of the significant benefits of convenience sampling method. According to Palinkas et al., (2015) convenience sampling is identified as the fast and inexpensive method performed for gathering evidence for studying the topic in depth within the limited resources. In the convenience sampling, the participants are asked to volunteer, and this provides close sample proximity. The samples are selected randomly to represent the population, and convenience method is the precise and accurate method used for identifying the representatives from a population. Moreover, this method can be carried out within the limited sources available for this research.

Determining the sample size is very critical, and when choosing a lower sample size, it will be difficult to obtain an appropriate result (Roy, 2015). The passengers of London railways were considered as the population in the present investigation. As surveying a massive number of passengers were not practically possible, the investigator selects a sample size of 150 passengers and 50 staff for completing the survey strategy. The researcher planned to survey 150 passengers and 50 staff of London railways for determining the passenger satisfaction after the British railway privatisation. The survey questionnaire was distributed to the 150 passengers of the London railways, and the gained survey outcomes will append to the results of this research study. Accumulating proper data from the sample size of 200 would also facilitate the investigator in conducting a detailed and efficient survey of the research problem. Though, the raising sample size generated issues owing to the time and cost constraints. Furthermore, the sample size that was utilised to determine the correlation between British railway privatisation and passenger satisfaction was 200 passengers/staff of London Overground railways.

However, the researcher could not obtain 150 passengers as the sample size was too large. Since some of the passengers were not shown much interest to participate in the survey and some were busy, the researcher could not gather data from the intended sample size. Though 150 passengers have participated in the survey and they filled out the questionnaire with the stipulated time.



### 3.13 Data analysis

Data analysis is a step through which the collected data is tested, evaluated and changed into a functional format to accomplish the investigation, Miles et al. (2013). The researcher has utilised various research methods for assessing how the privatisation of British railways affected the passenger satisfaction in London Overground. The research hypotheses were tested with the survey results. Survey responses accumulated from 200 passengers/staff of London Overground comprised the primary data of the present investigation. For analysing these gathered data from the London Overground passengers, the researcher used pie charts, bar charts and tables. The data represented in these charts were later analysed descriptively and required results were gotten. Along with the primary data the researcher used the secondary information to achieve detailed knowledge of the research topic. The secondary data was used to obtain the research objectives, and it was cross compared with the survey results. Moreover, this research uses a descriptive analysis approach for cross comparing the primary and secondary data and thus to determine the passenger satisfaction and the British railway privatisation in London Overground.

Three important concepts the researcher used to gather and process the data obtained from the investigation include Multinomial logistics regression, Cronbach alpha and Correlation analysis. Multinomial logistics regression is generally termed as the multinomial regression. The tool is used to obtain a nominal dependent variable from the set of one or more independent variables (Li et al., 2010). Moreover Bertens et al., (2016) opines that the multinomial logistics regression is often considered as an extended binomial logistics regression. Multinomial logistics regression is commonly used in situations where the dependent variables tend to be nominal with two or multiple levels.

Before using the multinomial logistics regression on your data, it is necessary to evaluate the feasibility and whether the data can be processed using the multinomial logistics regression (Jostins and McVean, 2016). For assessing the possibility of the approach, it is essential to go through the six assumptions. Even though the six assumptions are time-consuming as it takes some extra procedures the analysis will help in examining the probability of getting a valid result (Bertens et al., 2016). Moreover, while individually performing the SPSS statistics on the data it may not satisfy all the six assumptions. The six assumptions linked with the multinomial logistics regression are as follows:

1. The dependent variable in the data should be measured concerning the nominal level.

2. The data will be employing one or more variables that are independent and that are nominal, continuous and nominal.
3. Having an independent observation of the data is essential. The dependent variables must be of exhaustive categories and mutually exclusive.
4. No occurrences of multicollinearity (two or more variables with high correlation).
5. The existence of a linear relationship within the independent and continuous variables.
6. No occurrences of high leverage values, highly influential points and outliers.

Cronbach alpha is a tool of measure that is used to assess the link between the elements in a single group (Bonett and Wright, 2015). Further, from the observation of Cho and Kim (2015), the Cronbach alpha is regarded as an evaluation of the reliability and validity of the data. The Cronbach alpha is commonly used in a situation where the survey questionnaire is including multiple questions based on the Likert scale, and it is necessary to determine the reliability of the scale. The Cronbach alpha was developed by Cronbach Lee to achieve the results of an objective way of measuring the internal consistency reliability of an instrument that is used in a research study. In addition to this Bonett and Wright (2015) opines that the Cronbach alpha is primarily utilised in cases where the research is being carried out with the influence of multiple-item measures of a concept. The equation for obtaining the Cronbach alpha is as follows:

$$\alpha = kr / (1 + k - 1) r$$

Where k=number of items in a group

$r$  = mean of the inter-indicator correlation

Further from the notion of Koo and Li (2016) the value for Cronbach alpha is usually expressed as a number between 0.00 and 1.0. A value 1.0 is indicating that the data has a perfect consistency. Whereas a 0.00 value reflects that the data is not holding any amount of consistency. Along with this Koo and Li (2016) opines that in the case of exploratory research the value 0.70 is acceptable.

According to the observation of Liu et al. (2003), correlation is defined as the degree of association or connection existing between the research variables. The correlation analysis is, therefore, the statistical evaluation that is used for understanding how strong the relationship between the research variables is. Hence the correlation analysis is beneficial in cases when it

is essential for the researcher to establish a connection within the research variables. However, if it is possible to obtain the correlation between the research variables it reflects that one of the research variables is changing, then it will be influencing the other in the same manner.

Koo and Li (2016) elaborates further that the correlation value can be either positive or negative, simple, partial and multiple correlations and linear and non-linear or curvilinear correlation. The negative correlation value indicates that while one variable is increasing the other will be decreasing. Whereas in the positive correlation value both the variables will be increasing or decreasing simultaneously. Similarly, the simple, partial and multiple correlations indicate that the simple correlation is that when the two variables are taken into study. Whereas the partial correlation exists when either one of the variables is chosen for the study. The utilisation of multiple variables is referred to as the various correlations. Finally, the linear correlation indicates the variables are changing at the same ration, and the non-linear correlation states that the variables are not changing at the same ratio.

The correlation analysis in SPSS is simple, but it requires some basic knowledge. According to the observation of Bryman and Cramer (2004), several techniques can be used for calculating the correlation coefficient. However, in the case of SPSS, there are four primary methods which are helpful in estimating the correlation coefficient. Bivariate analysis with Pearson correlation in the analysis menu is used to calculate correlation coefficients in the case of continuous variables. Spearman rank correlation is a method of calculating the correlation coefficients in SPSS while the data is placed in the rank order. The proposed option is also available in the SPSS method is available in the menu as Spearman correlation. Cramer's V, Phi and contingency coefficient are the proper test for calculating correlation coefficient while the data is in the nominal level. Thus, the value is obtained by utilising the cross tabulation in SPSS. Moreover, in the case of the 2x2 table the Phi coefficient is the best option whereas the Contingency Coefficient C is appropriate for all table data.

Furthermore, from the observation of Liu et al., (2003) the coefficient of determination can be determined by utilising the calculated correlation coefficient. According to the view of Bryman and Cramer (2004) coefficient of determination is the variance obtained from the two variables in the analysis. It is simple to get the coefficient of determination from the correlation coefficient as it is just required to take the square of the correlation coefficient.

### 3.14 Reliability and validity

The reliability and validity are impacted by the accuracy and consistency of the research instruments used in the study. As noted by Bonett and Wright (2015), there are different methods for evaluating these qualities and the selection of a method is impacted by the type and purpose of the research instrument design. Another aspect is that different techniques provide different results which indicate that there are various dimensions to the performance of the research strategies. Therefore, it is suggested to use a mix of reliability and validity assessment techniques in a research. The research instrument used in this study was survey and henceforth, it was necessary to assess the consistency and accuracy of the used survey design and results for assuring the reliability and the validity of the study. One of the techniques which could be used for assessing the reliability of the survey design is the prior administration of survey with a similar group of respondents before conducting the actual survey. The inaccuracies and variations could be, thus assessed by comparing the two types of the responses availed from the two surveys. In this study, a pilot testing of survey has been conducted before the actual implementation. This pilot testing was executed by the prior surveying of a selected group of 10 staff based in Willesden Junction. The key implication availed by the conduction of pilot survey was that it helped in removing the identified inaccuracies. Another measure used for assessing the reliability was the use of Cronbach's alpha. By using this technique, the questionnaire items which impeded the reliability of the scale were removed for assuring the consistency. The two areas of questionnaire which were tested by using this measure were customer satisfaction related elements in the questionnaire and rail privatisation related elements of the research model. The reliability test of the primary items indicated that there is strong reliability as it scored .729 which is above the cut-off point. However, the latter, was found to be lacking reliability as the reliability score was .274. After this, Cronbach's reliability test was applied with all survey elements and this showed a score of 0.707. This implied that the survey instrument would result in the generation of responses with normal distribution.

Another technique used for evaluating the responses is the factor analysis model. The use of factor analysis model helps in assessing the correlations between the items and the factors (Thabane et al., 2010). This study used Pearson correlation analysis for establishing the correlations between the customer satisfaction and the services provided by London Overground. The results proved that the relation between these factors was statistically

significant. Thus, overall, this study used a mix of techniques for assessing the validity and reliability of the study.

### **3.15 Research Limitations**

According to Shipman (2014), research limitations are the defect, consequences and environment that cannot be controlled by the researcher while conducting the study. However, this research, was necessary to reduce the range of scope of limitations throughout the research process. The study has utilised the survey approach the relevancy of the data has been lost to some extent as participants need not wish to share accurate information necessary for the study. The other limitation faced by the researcher was the lack of previous studies in the research area so that researcher got only limited literature studies. Limited access to a website, books and journals at the time of secondary data collection method had also affected the research study to a certain extent.

The primary data collection technique was elevated as the principal information source on the present subject. The busy schedule of participants was the major limitation faced by the researcher while collecting data through the primary data collection method. Some participants have missed some questions, and due to this reason, the researcher encountered issue for preparing statistical information. Likewise, the researcher could only ask a limited number of questions through the questionnaire because of the time lack for conducting an in-depth analysis. The researcher faced many issues while asking questions to the participants. The secondary data collection was an important task for strengthening the underlying knowledge on the topic. The online information was considered as the vital resource of secondary information. However, some researcher papers and journals published in the online platform were accessed denied, and additional payments were required for requesting that information. Many relevant documents and journals were forbidden, and due to this reason, the researcher was forced to seek other sources for availing secondary data. Likewise, due to the shortage of time, the researcher faced issues while collecting secondary information. Moreover, both primary and secondary data collection method was time-consuming.

### **3.16 Ethical and Accessibility Issues**

Adhering to the ethical principles is essential in a research study, and it creates trusting relationship between the researcher and those who are researched. According to Golder et al., (2017), the researcher should disclose the information about the research at a level that the participants can understand so that they can either agree or deny participating in the research study. The researcher must ensure that the research participants should not subject to any harm in anyways and should guarantee the privacy of the participants. The adequate level of confidentiality of data, as well as the honesty and the transparency of communication, are vital in conducting a research effectively. All the participants in a research should be fairly treated. Survey questionnaires collected were password protected. The researcher must follow General Data Protection Regulation (2018) which is designed to ensure data protection. Dealing with secondary data is comparatively complicated. Hence, the researcher must ensure the validity of the data being gathered, since it affects the preciseness and the authenticity of the outcome. The researcher must take care to avoid any misleading information as well as representing primary data in a biased way. The university research committee has approved me to carry out this research. Also, I got approval from Arrival management to use London Overground for my case study.

### **3.16 Summary**

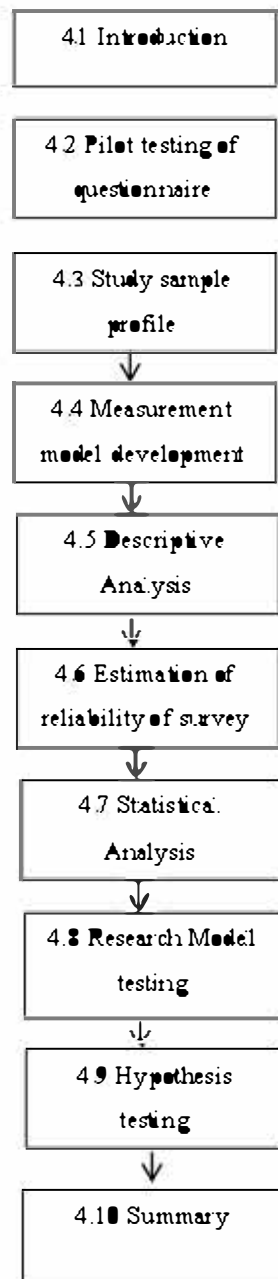
The primary purpose of this research was to study the effect of privatisation of British Railways on the passenger satisfaction by considering the case of London Overground. Throughout this chapter, the researcher has discussed the various methods and justification for adopting each method for carrying out the research in an efficient and effective manner. The various methods of research methodology such as research hypothesis, research philosophies, research approaches, research strategies, research design and data collection method have been discussed by the researcher. The researcher has adopted positivism philosophy and deductive approach for conducting the study. Primary and secondary data collection method and survey analysis were used by the researcher for gathering adequate information for the study. The researcher has adopted convenience non-probability method for selecting the appropriate sample.

## **CHAPTER 4: DATA PRESENTATION AND ANALYSIS**

### **4.1 Introduction**

This chapter presents the findings gathered from the survey and its analysis. As noted by Hair et al., (2015) the data presentation and the analysis have a significant role in the research. The accurate analysis of the data helps in dealing with the research objectives or finding the answers for the research questions. In the current study the evaluation of the effect of privatisation of British railways on the passenger satisfaction was carried out using the survey method. The main objective of this study was to evaluate the impact of privatisation on passenger satisfaction levels in London Overground while also analysing the factors contributing to the privatisation of London Overground. The study also aimed at evaluating the elements affecting satisfaction levels among railway passengers and offering recommendations for enhancing satisfaction levels of passengers of London Overground.

The survey was conducted among 150 passengers and 50 staff of London Overground by distributing the survey questionnaire to them. The focus of the data collection was to collect data from staff and passengers of London Overground with the aim of analysing it. The quantitative data accumulated through the survey was analysed with the help of descriptive analysis, multinomial logistics regression analysis and correlation method. The survey data was presented with the support of tables and were interpreted to identify the outcomes emerging from the survey analysis. The outline of this chapter is presented below:



*Figure 4.1: Chapter outline*

The above figure depicts that the outline of the results and discussion chapter. As shown in the figure, there are 10 subsections in the chapter. This chapter outlines the details of pilot testing and its implications of research design and details the study sample profile. The chapter presents a detailed look at the research model and present the analysis of the research model using statistical analysis methods. Based on the findings of the analysis, the research hypotheses are tested, and the implications are outlined. Lastly, the chapter discusses the research findings with respect to existing literature in order to contextualise the research findings.



The collected data was analysed using SPSS software. The Statistical Package for the Social Sciences in short known as the SPSS is an efficient software for conducting the batched, interactive or statistical analysis. In addition, Correlation and multinomial regression analyses were performed to analyse the collected data in an effective manner. Multinomial regression analysis is the best way of determining whether the dependent variable can be predicted by the independent variable. Cronbach's Alpha Reliability Test was performed for testing the reliability of the survey instrument. The Cronbach's Alpha Reliability Test is one of the simplest ways in measuring the reliability of the score. Additionally, a descriptive analysis was performed on the collected data for identifying the key trends in the collected data. The empirical models used in the study tested the correlation between using London Overground (LO) and passenger satisfaction and between using London Overground (LO) and passenger attitude towards rail privatisation. The chapter also presents the testing of the research model and hypothesis testing and offers a discussion of the results emerging from the study.

#### **4.2 Selection of Analysis Techniques**

As noted by Adler and Parmryd (2010), there are different correlation techniques which are employed for determining the relationship between two variables such as Spearman's rho, point-biserial correlation, phi correlation coefficient and Pearson correlation coefficient. Amongst these available techniques, the two most used correlation techniques are Pearson correlation coefficient and Spearman's rho. These two techniques help in measuring the relationship amid two variables along with the extent to which these variables comply with each other. The strength of Pearson Correlation and Spearman's technique is that it is simpler to deploy and helps in addressing the objectives more quantitatively by employing the correlation analysis. However, due to the similarities of both these approaches, it is challenging to select the appropriate technique. However, as stated by Adler and Parmryd (2010), this selection could be determined by the differences in the purposes.

Furthermore, as noted by Bishara and Hittner (2012), Spearman offers insights on the relationship between the two variables by relying on the arbitrary monotonic function and does not regard the frequency of distribution. Furthermore, it does not regard the linearity of the relationship and the need of making measures and henceforth, it is suitable for measuring the variables at the ordinal level. On the other hand, Pearson correlation coefficient is widely used as it enables the estimation of relationships through the plotting of

independent variable and dependent variable. This study involves two quantitative variables, railway privatisation and customer satisfaction and seeks to assess the strength and the extent of the linear dependency of these two variables. Therefore, Pearson's correlation would be more suitable for this study.

As found by Bishara and Hittner (2012), it is necessary to use regressions alongside correlation analysis for deriving the estimates on the dependent variable, which in turn is assessed by relying on the independent variable. There are several statistical methods for the conduction of the regression analysis models such as discriminant analysis, ANOVA and multinomial logistics regression. As found out by Bishara and Hittner (2012), these techniques help in predicting the measure of the variables. The key difference between these techniques is that in both cases, ANOVA and discriminant analysis, it is implied that there is a continuous variable and it is also important that the dependent variable should be a categorical variable. Another complexity is that discriminant analysis involves sophisticated mathematical models. Moreover, it does not help in generating measures on the standard errors associated with individual coefficients. On the other hand, regression analysis helps in determining the statistical significance in the case of each coefficient (Bayaga, 2010). Moreover, multinomial logistics regression enables testing of the causal relationship between the selected variables. Furthermore, it provides an opportunity for utilising the independent variables for predicting the characteristics of the dependent variable. Another aspect is that it is suitable for studies with multiclass outcomes. Therefore, this study would employ Multinomial logistics regression for predicting the relationship between customer satisfaction and London Overground privatisation.

### **4.3 Pilot testing**

The pilot study is an important step in a research process as it aids in assessing the feasibility of the study and in ironing out the shortcoming and discrepancies in the survey (Arain et al., 2010). According to Thabane et al. (2010) pilot studies are the mini versions of the actual study. The pilot study thus becomes the pre-testing of the research tool or the instrument. In the current study, the pilot testing of the survey was done by implementing the pilot study among 10 passengers and 10 staff in Willesden Junction one hour before final data collection. The key benefit of conducting the pilot study was that it helped in testing the feasibility of conducting a survey among passengers in a railway station. In addition, it helped in

understanding the survey process efficiently and enabled in attaining the insights into the functioning of the survey method.

One of the other implications of conducting pilot testing was that it helped towards testing the reliability of the research model using Cronbach's reliability test. Cronbach's alpha is the most depended method for analysing the reliability or internal consistency. According to the opinion of Bonett and Wright (2015) the method is also known as the coefficient alpha test. Eisinga et al. (2013) have noted that an individual should be well concerned with the reliability of the selected method for collection and the data itself. The Cronbach's reliability test is used to analyse the reliability of the survey questions or questionnaires.

According to Peters (2014), the method is well suitable for determining the reliability of a Likert scale in a research or study. Hence, it can be identified that the test helps a researcher in measuring the latent variables. According to Sijtsma (2009), the latent variables in a study are very hard to measure due to its nature. The latent variable includes the unobservable or the hidden variables in an individual such as the openness, neurosis and consciousness. Muthén and Muthén (2009) have noted that the latent variables can be inferred through the application of the mathematical model. The term hidden variables for the latent variables are commonly used to denote that the variables are present in the situation however not visible like other variables. With the help of the Cronbach's alpha reliability test, a person would be able to identify the accuracy of the designed test for measuring the variables.

However, the measurement conducted using the Cronbach's test cannot be considered as one-dimensional if the alpha portrays a higher value. In addition, from the opinion of Sijtsma (2009), the statistics based on the single test will not be able to portray the information accurately. According to McDonald (2013), the Cronbach's alpha test only deals with testing the coefficient of reliability and it cannot be considered as a statistical test. An individual or researcher can check the dimensionality by conducting an exploratory factor analysis. Furthermore, Sijtsma (2009) has noted that the alpha should be used properly. Improper use can lead to unpleasant situations in which the researcher will not be able to attain the desired results. Here, the data collected in the pilot study was utilised for testing the reliability of the survey design.

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.729	7

*Table 4.1 Cronbach's Alpha Reliability Test of customer satisfaction related elements*

The Cronbach's Alpha reliability test was first conducted on the customer satisfaction related elements in the questionnaire. This analysis also offered evidence for the reliability of the research instrument with a score of .729 as shown in table 4.1 above. This again shows the reliability of the customer satisfaction part of the research model.

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.274	6

*Table 4.2 Cronbach's Alpha Reliability Test of rail privatisation related elements*

On the other hand, the Cronbach's Alpha Reliability Test of rail privatisation related elements of the research model revealed that this part of the research design lacked reliability when taken as an individual unit. This was because the Cronbach's Alpha Reliability Test of rail privatisation related elements (.274) was below the 0.7 cut off point as shown in table 4.2 above.

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.707	13

*Table 4.3 Cronbach's Alpha Reliability Test of all items*

Lastly, the Cronbach's reliability test was conducted by including all survey elements. The Cronbach's reliability test result indicates that the survey instrument has high reliability with a score of .707 as shown in table 4.3 above. The reason for this is that the Cronbach's score is above the 0.7 cut-off limit used for testing reliability of a survey instrument. This indicates

that the responses in the pilot survey are normally distributed. Based on the pilot testing it was revealed that the research design adopted in the study has high reliability. Hence, it was ascertained from the pilot testing that the research design was viable and reliable and hence was adopted in the final survey without any change.

#### **4.4 Study sample profile**

The data for the current study was collected by carrying out a survey among 50 staff and 150 customers of London Overground. According to the opinion of Gary (2013) selecting the sample profile should be in accordance with the research objectives. Inappropriate sample profile can result in portraying the unwanted or inadequate results in the study. Palinkas et al. (2015) have noted that the sample profile selection determines how much the researcher can depend upon the collected data or the responses. Furthermore, the proper sample profile paves the way for attaining accurate results in the study. According to the opinion of Fowler (2013), the survey method is one of the most feasible and cost-efficient methods for the first-hand data collection. However, the survey method can only prove to be successful if the selected samples were ready to respond to the questions accurately. Blair et al. (2013) have noted that there are many cases where the selected samples hesitate to respond to the survey. The lack of cooperation results in the failure of the survey or the data collection method. To solve the issue, it is better to approach more people for responding to the survey.

According to the opinion of Fink (2015) the lack of cooperation from the respondents or the samples of the study results in delaying the data collection process. However, the researcher will have to approach a greater number of people for attaining the desired number of responses. An analogous situation was faced in the current study. The response rate in the customer survey was around 50% as around half the customers that the researcher approached for survey turned down the opportunity. The data collection from staff of London Overground has been straightforward as all staff who were approached responded to the survey as the researcher had already sought permission from the management of London Overground.

One of the main concerns after data collection was that some of the staff and customer responses in the survey were incomplete as some customers did not respond to some questions. According to Little and Rubin (2014), the case of missing data needs to be handled very carefully in empirical studies due to the possibility of missing data can lead to inaccurate

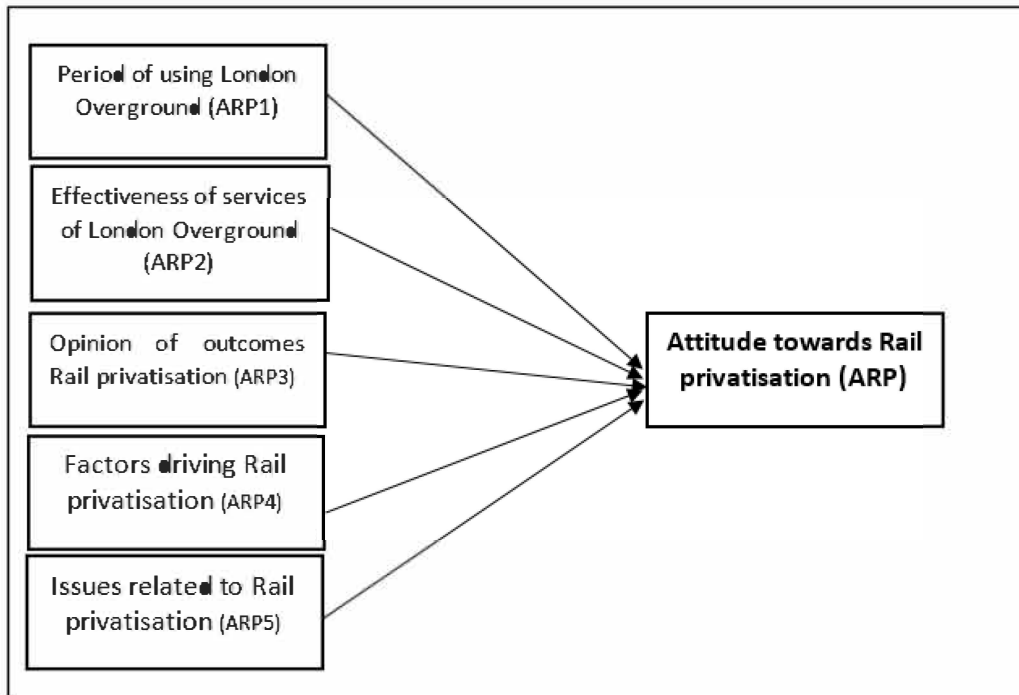
statistical results. According to Norušis (2006), the ideal approach to dealing with missing data is to remove responses if missing data accounts for more than 10% of the total responses. In this study, the missing data was deemed not critical as only a few data items were found to be missing. Hence, it was decided to keep the responses in which data were missing. Another issue was that some of the customers and staff in the survey did not attend open-ended descriptive questions. However, as a descriptive section of the questionnaire has no implication on the outcomes of the statistical analysis. The inclusion of the responses in which descriptive data was missing is not expected to have any impact on hypothesis testing as it solely focuses on quantitative data.

#### **4.5 Measurement model development**

This section details the measurement model developed for testing the research hypothesis in the current study. The measurement model used in the current study is comprised to two separate constructs; attitude towards rail privatisation and customer satisfaction. Both these elements are detailed in the below section. The model is developed based on the findings emerging from the existing literature regarding rail privatisation and customer satisfaction.

##### **Attitude towards Rail privatisation**

The research model proposed for the study outlines a causal relationship between passenger attitude towards rail privatisation and passenger satisfaction in London Overground. The model proposed in the study was operationalised by identifying the mean score of rail privatisation related elements in the survey. This corresponded to the passenger attitude towards how good rail privatisation was, and this was operationalised using five survey questions which gauged customer attitude and opinion regarding rail privatisation of London Overground.

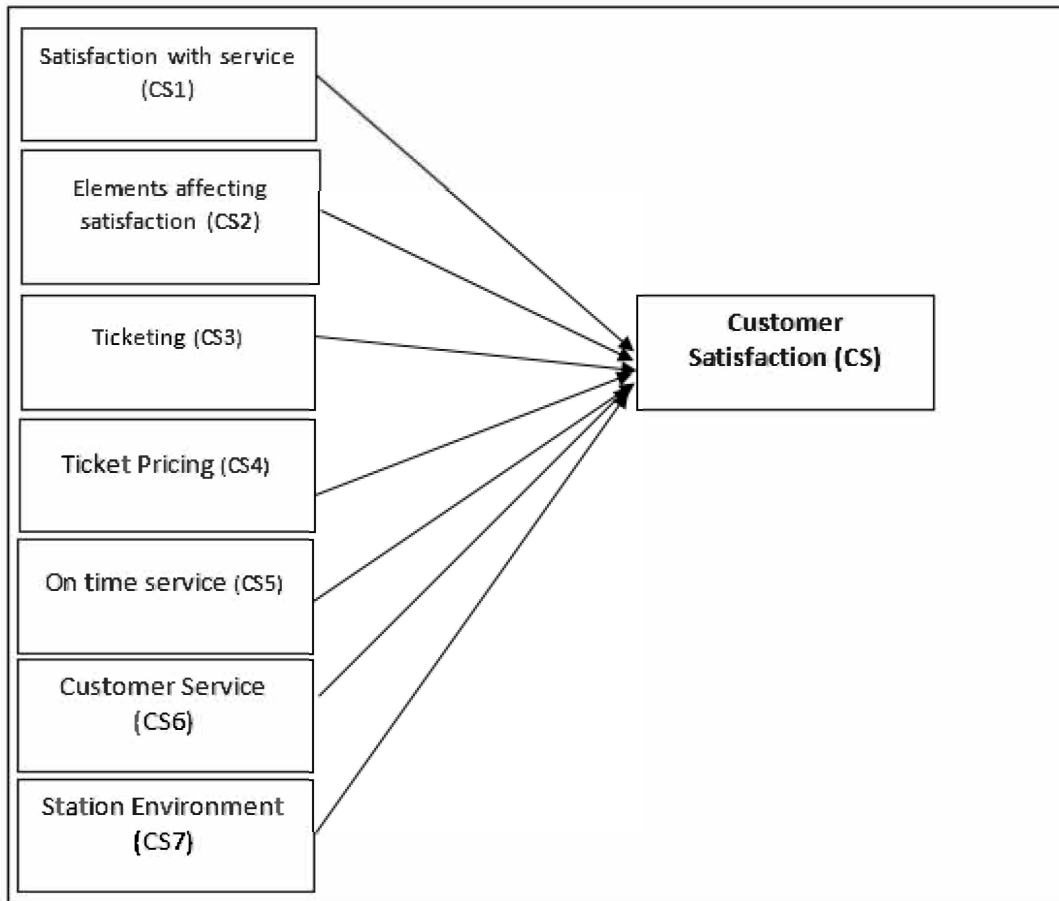


*Figure 4.2: Attitude towards rail privatisation*

The above diagram offers a graphical representation of the Attitude towards Rail privatisation (ARP) element of the research model. According to the above diagram Attitude towards Rail privatisation is an outcome of Period of using London Overground (ARP1), Effectiveness of services of London Overground (ARP2), Opinion of outcomes Rail privatisation (ARP3), Factors driving Rail privatisation (ARP4) and Issues related to Rail privatisation (ARP5).

### **Level of customer satisfaction**

The level of passenger satisfaction in London Overground was the other main element of the research model. This element was operationalised by assessing passenger satisfaction with various aspects of London Overground service with the help of 7 survey questions.



*Figure 4.3: Levels of customer satisfaction*

The above diagram offers a graphical representation of the Customer Satisfaction (CS) element of the research model. According to the above diagram Customer Satisfaction in London Overground is an outcome of Satisfaction with Service (CS1), Elements affecting satisfaction (CS2), Satisfaction with Ticketing (CS3), Ticket Pricing (CS4), On time service (CS5), Customer Service (CS6) and Station Environment (CS7). Hence, it can be noted that the current study was analysing how each of the mentioned factors was affecting the customer satisfaction. In fact, the researcher has concentrated in analysing both the positive and the negative impact of above-mentioned factors on the customer satisfaction.

The model proposed in the current study outlines a statistically significant association between passenger attitude towards rail privatisation (ARP) and customer satisfaction (CS). The proposed model can be summarised as shown in the below equation.

$$g(E(y)) = \alpha + \beta x_1;$$



where  $g()$  is the link function of the equation,  $E(y)$  is the expectation of the target variable customer satisfaction (CS) and  $\alpha + \beta x_1$  is the linear predictor where  $x_1$  corresponds to the passenger attitude towards rail privatisation (ARP).

The above research model aims to assess the effect of rail privatisation on customer satisfaction by measuring and analysing the perceived effectiveness of rail privatisation and its influence on passenger satisfaction rather than measuring the effectiveness of rail privatisation itself. This design is underpinned by the concept of customer satisfaction as outlined in the ACSI model. ACSI model identifies perceived quality as a driver of customer satisfaction (Sun and Kim, 2013) and the research model in this study adopts this approach. Hence, the research model is operationalised in terms of perceived the effectiveness of rail privatisation and its impact on customer satisfaction. The main benefit of adopting this approach is that it aids in assessing the research issue in an effective manner by measuring the perceived effectiveness of rail privatisation.

#### **4.6 Descriptive analysis**

To fetch the quantitative data, the researcher has surveyed the passengers and the staff of London railways. The selected samples for conducting the survey were 150 passengers and 50 staff. The data gathered from the survey of passengers and the staff of London railways has been illustrated in the current section with the help of charts and tables.

## Descriptive Statistics of passenger survey

<b>Descriptive Statistics</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
How long have you been using the services provided by London Overground?	150	1	4	2.41	1.050
How effective are the services offered by London Overground?	150	1	4	1.83	.798
Do you think privatisation of London Overground was an effective step adopted by the government?	150	1	3	1.55	.710
What is your opinion on the major factors that contributed to the privatisation of London Overground?	150	1	5	2.47	1.271
How satisfied are you with the services offered by the privatised railway services of London Overground compared to the public services?	150	1	5	1.87	.902
From your viewpoint, what are the main elements affecting satisfaction levels among railway passengers?	150	1	5	1.73	.962
What are the major issues faced by the customers due to the privatisation of London	150	1	5	1.86	1.062

Overground?					
In your opinion which other areas need improvement for enhancing satisfaction levels of passengers of London Overground?	150	1	2	1.15	.362
Rate services offered by London Overground for improving the satisfaction of the customers? Ticketing	150	1	5	2.27	.919
Rate services offered by London Overground for improving the satisfaction of the customers? ticket pricing	150	1	5	2.75	.950
Rate services offered by London Overground for improving the satisfaction of the customers? on time services	150	1	5	2.64	.936
Rate services offered by London Overground for improving the satisfaction of the customers? customer services	150	1	5	2.43	1.013
Rate services offered by London Overground for improving the satisfaction of the customers? station environment	150	1	5	2.23	.899
Valid N (listwise)	150				

*Table 4.4 Descriptive Statistics (Passenger survey)*

*Source: Created by the author*

Descriptive Statistics of passenger survey is given in the above table. Data from 150 passengers were collected in the current study using a survey. One of the key insights emerging from the descriptive analysis is that passenger satisfaction was comparatively higher for ticket pricing when compared to other elements of the service of London Overground. From this, it can be understood that customer perception of ticket pricing is comparatively better than that of other aspects of the service. However, the above table also reveals that overall customer satisfaction with London Overground is high (1.87).

From analysis of the collected survey data, it could be observed that most of the passengers were using the services provided by London Overground for 4-6 years or have the relationship with London Overground. Moreover, it is understood from the table by analysing the mean value that more than half of the passengers were responded for the options 1-3 years and 4-6 years that they have been using the services of London Overground.

Besides, while analysing the value of standard deviation, it could be fathomed that there is no dominant customer group in terms of years of using London Overground as all different customers are represented equitably in the collected data. 48% of the passengers responded that the services provided by London Overground are effective. Moreover, by analysing the table, it is observed that the standard deviation of the response is .798 and it is inferred that most of the passengers given the positive opinion regarding the effectiveness of the services offered by London Overground. That is most of the passengers responded either effective or highly effective for the effectiveness of services offered by London Overground.

Another interesting result from the collected data is that most of the passengers responded that the privatisation of London Overground was an effective step adopted by the government. Furthermore, the table details showed that more than half of the passengers responded the positive opinion and the analysis of variance of the survey results also revealed that majority number of the passengers given the positive response regarding the privatisation of London Overground. Similarly, the survey result above illustrates that most of the passengers' opinion is that the lack of effective service leads to the privatisation of London Overground. 44% of the passengers supported this statement. However, the standard deviation given in the above table indicated that passenger opinion regarding the factors that contributed towards the privatisation of London Overground is not conclusive as passenger's opinion is equitably distributed across several options.

Similarly, the results of the survey also indicate that passengers were somewhat satisfied with the services offered by the privatised railway services of London Overground compared to the public services with a mean rating of 1.87. Besides, from the standard deviation in the table indicated that most of the passengers given a positive opinion and majority of them were either very satisfied or somewhat satisfied with the services provided by the privatised railway services of London Overground. From the descriptive statistics, it is also understood that most of the passengers responded that timely services and good customer experience are the main elements that were affecting their satisfaction.

Besides, from the descriptive statistics table, it is inferred that there had a wider opinion for the question in which different passengers delivered different view for the current question. However, more than half of the passengers opined that timely services and excellent customer experience are the main elements that were affecting their satisfaction. It is also observed from the collected data that delayed and the late arrival of trains is the main issue that most of the passengers confronted. Furthermore, from the descriptive statistical table, it is identified that there had been a broader opinion from the side of passengers for the current question as shown by the standard deviation. Besides, while analysing the mean and median, it is realised that more than half of the passengers agree with the statement delayed and the late arrival of trains is the main issue faced by them.

### **Descriptive Statistics of Staff survey**

<b>Descriptive Statistics</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
How long have you been using the services provided by London Overground?	50	1	4	2.18	.983
How effective are the services offered by London Overground?	50	1	4	1.82	.661
Do you think privatisation of London Overground was	50	1	3	1.52	.762

an effective step adopted by the government?					
What is your opinion on the major factors that contributed to the privatisation of the London Overground?	50	1	5	2.42	1.372
How satisfied are you with the services offered by the privatised railway services of London Overground compared to the public services?	50	1	5	1.94	.913
From your viewpoint, what are the main elements affecting satisfaction levels among railway passengers?	50	1	4	1.80	.969
What are the major issues faced by the customers due to the privatisation of London Overground?	50	1	5	2.42	1.247
In your opinion which other areas need improvement for enhancing satisfaction levels of passengers of London Overground?	50	1	3	1.54	.646
Rate services offered by London Overground for improving the satisfaction of the customers? ticketing	50	1	5	2.40	1.050

Rate services offered by London Overground for improving the satisfaction of the customers? ticket pricing	50	1	5	2.94	1.058
Rate services offered by London Overground for improving the satisfaction of the customers? on time services	50	1	5	2.58	.859
Rate services offered by London Overground for improving the satisfaction of the customers? customer services	50	1	4	2.38	.967
Rate services offered by London Overground for improving the satisfaction of the customers? station environment	50	1	4	2.16	.866
Valid N (listwise)	50				

*Table 4.5 Descriptive Statistics (Staff survey)*

Descriptive statistics of the staff survey is given in the above table. The table shows that the survey was conducted among 50 staff of London Overground. It is evident from the table that overall satisfaction of staff (1.94) with London Overground was comparatively lower than that of passengers (1.87). It is also evident from the descriptive analysis that staff of London Overground were comparatively less satisfied with different aspects of London Overground than passengers.

Participant staff were using London Overground for 4-6 years. Majority of the staff were the part of the London Overground for 4-6 years. Moreover, while analysing the table above, it could be comprehended that the significant number of staff were using the London Overground for 1-6 years. Besides, from the table, it could be identified that the standard deviation is more than one and it indicated that there occurred various responses by various staff. From the above table, it is also identified that majority of the staff opined that the services offered by London Overground are effective. Furthermore, the analysis of table delivered that more than half of the staff's opinion is effective. Besides, it is inferred from the table that a major number of staff had given the positive opinion on the question. The standard deviation value from the table indicated that most of the participant staff pointed out the services offered by London Overground is either highly effective or effective.

Moreover, from analysing the descriptive statistics, it is understood that most of the staff responded that the privatisation of London Overground was a productive step adopted by the government. Moreover, from the details obtained from the table reveals that above half of the staff responded the favourable opinion and the analysis of standard variation of the survey results also showed that majority number of the staff given the positive response regarding the privatisation of London Overground.

The above descriptive statistics revealed that most of the staff opines that the lack of active service leads to the privatisation of London Overground. Moreover, from the details derived from the table, the standard deviation is having a value higher than one which indicates that there occur multiple opinions regarding the factors that contributed towards the privatisation of London Overground. Similarly, the survey results revealed that profit-oriented business strategies of London Overground were the main issue that is faced by the customers due to the privatisation. While analysing the table, it could be comprehended that the staff had supported wider opinion regarding the current question from the side of staff.

#### **4.7 Estimation of the reliability of the survey**

##### **Cronbach's Alpha Reliability Test**

Cronbach's Alpha Reliability Test was used for testing the reliability of the Likert scale instrument used for collecting customer/staff satisfaction with different aspects of services of London Overground.



### Reliability of staff survey

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.737	.740	5

Table 4.6: Cronbach's Alpha Reliability Test

The results of Cronbach's Alpha Reliability Test reveal that staff survey data is highly reliable with a score of .737. The reason for this is that the Cronbach's score is above the 0.7 cut-off limit used for testing reliability of a survey instrument. This indicates that the responses in the staff survey are normally distributed. It is also worth noting that the removal of a specific item does not improve the reliability score of the instrument.

### Reliability of customer survey

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.718	.717	5

Table 4.7: Cronbach's Alpha Reliability Test

The reliability of the Likert scale instrument used in passenger survey was also estimated using Cronbach's Alpha Reliability Test as shown above. This test revealed that the passenger survey was highly reliable with a Cronbach's Alpha Reliability Test score of .718.

## **4.8 Quantitative data Analysis**

This section presents the statistical analysis of the survey data collected from staff and passengers of London Overground. The section assesses the passenger survey and staff survey separately in order to identify the association of rail privatisation and satisfaction among staff and passengers. The section firstly covers correlation analysis between customer and staff attitude and their period of using London Overground. The section also covers multinomial logistics regression analysis to identify the causal relationship in the collected survey data.

### **Analysis of Passenger Survey**

#### **4.8.1 Correlation Analysis**

The correlation analysis technique or method developed by the Karl Pearson is known as the Pearson correlation analysis. According to Adler and Parmryd (2010), the correlation between the two variables can be easily measured using the Pearson correlation coefficient analysis method. According to Hauke and Kossowski (2011), one of the significant strengths of this analysis is that it determines the degree or extent of correlation between two variables rather than simply indicating the presence or absence. In addition, the method can be used to determine the negative or positive correlation between the two variables.

According to Bishara and Hittner (2012) the Pearson correlation coefficient method with the use of regression equations helps an individual in estimating or determining the value of the dependent variable. In fact, the value of the dependent variable is recognised by utilising the value of the independent variable. Sedgwick (2012) has pointed out that the Pearson correlation tests help in easily calculating the coefficient of correlation, coefficient of determination and the other potential related factors with the help of its algebraic properties. However, the use of the complicated algebraic calculation methods makes the calculations and computations comparatively difficult for the user compared to other analysis methods. According to Schiesser et al. (2009), the higher use of the assumptions is another limitation of the method. In addition, the values of the extreme items even affect the results produced using the Pearson correlation test. Sedgwick (2012) has noted that the high time consumption of the method in producing the results and the chances for misinterpretation for the homogeneous data further limits the usage of the method in many studies.

### Association between years of using London Overground and customer satisfaction

Pearson Correlation Analysis was used in the study for testing the correlation between years of using London Overground and customer satisfaction. This test was carried out in order to determine whether the prolonged experience of using London Overground had any effect on customer satisfaction levels with the service.



*Chart 4.1: Correlation between years of using London Overground and customer satisfaction*

The correlation between years of using London Overground and customer satisfaction is plotted in the above chart. The correlation analysis identified that years of using London Overground was significantly correlated with customer satisfaction level. The correlation coefficient was identified to be 0.185 (p-value-0.023). The correlation is statistically significant at the  $p$  value  $< 0.05$ . From the correlation analysis, it can be understood that customer satisfaction of customers of London Overground decreases as the period of customer use of London Overground increases. This means that customer dissatisfaction with London Overground is higher among passengers who have been using the services for a longer period when compared to new passengers of London Overground. This result also indicates that passengers who have been using London Overground for a greater number of years are more likely to be dissatisfied with the service.

### **Association between years of using London Overground and attitude towards rail privatisation**

The association between years of using London Overground and customer attitude towards rail privatisation was tested using Pearson Correlation analysis. This test was carried out in order to determine whether the attitude of the customer towards rail privatisation changed when they had longer experience of using London Overground. The results of the analysis revealed that the association between years of using London Overground and customer attitude towards rail privatisation was not statistically significant as the p-value of the correlation (0.595) was higher than 0.05. This result indicates that the opinion of passengers towards the privatisation of London Overground did not change with respect to the period of experience that passengers had with London Overground. The implication of this result is that it sheds light on the fact that customers who have been using the London Overground service for more than 10 years do not harbour any overtly negative opinion towards privatisation of London Overground.

### **Association between customer satisfaction with ticketing and overall customer satisfaction**

Pearson correlation analysis was used in this study for assessing whether customer satisfaction with ticketing was correlated with overall customer satisfaction with London Overground (LO). The results of the correlation analysis revealed that there was a statistically significant correlation (0.214) between customer satisfaction with ticketing and overall customer satisfaction in London Overground (p-value=0.008). This result indicates that customers who are satisfied with ticketing provision offered by London Overground are more likely to express a higher level of overall satisfaction with London Overground. The correlation between customer satisfaction with ticketing and overall customer satisfaction is plotted in the below chart.

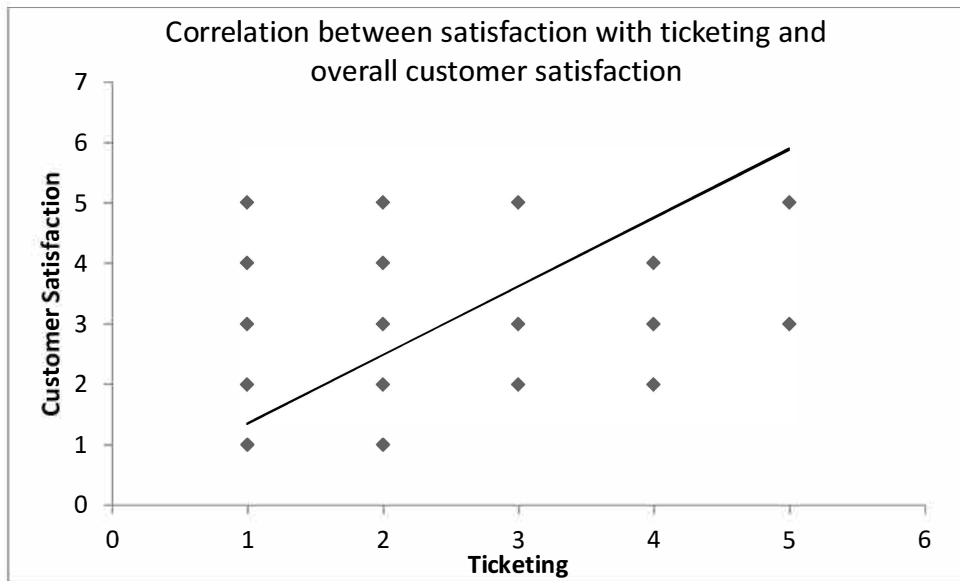
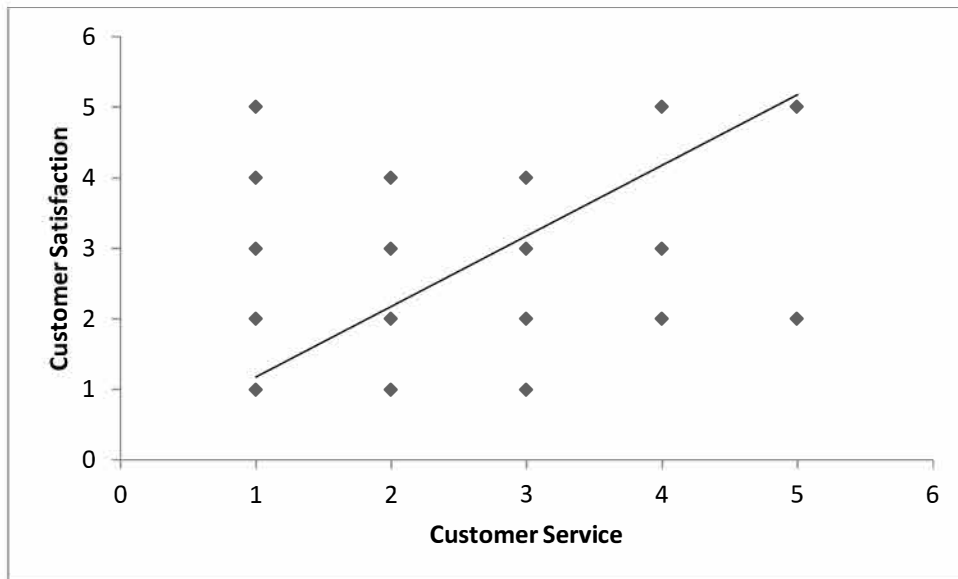


Chart 4.2: Correlation between satisfaction with ticketing and overall customer satisfaction

The key implication of the above result is that the inference that the ticketing experience of passengers in London Overground is an important driver of passenger satisfaction in the service. This result also implies that passenger satisfaction in London Overground could be improved by improving the ticketing experience in the service as an improvement in satisfaction with ticketing might lead to improvement in overall customer satisfaction with London Overground.

**Association between customer satisfaction with customer services of London Overground and overall customer satisfaction**

Pearson correlation analysis was again used for analysing the association between customer satisfaction with customer service offered by London Overground and overall customer satisfaction. This was done in order to estimate the extent to which the customer perception of customer service influenced customer satisfaction. The results of the analysis revealed that there was a statistically significant correlation between customer satisfaction with customer services of London Overground and overall customer satisfaction. This indicates that customer perception of customer service is an important driver of customer satisfaction in London Overground. Based on this result, it can also be understood that improvement in customer service is an important parameter for improving customer satisfaction levels in London Overground.



*Chart 4.3: Correlation between satisfaction with customer service and overall customer satisfaction*

The above diagram reveals that customers who are satisfied with the customer service of London Overground are more likely to be satisfied with the overall service offered by London Overground. Hence, overall improvement in customer satisfaction cannot be achieved without improving

#### **4.8.2 Multinomial Logistics Regression**

Multinomial logistics regression was utilised in the study for testing the causal relationship between the research variables. Multinomial logistics regression is ideal for analysing phenomena which have more than two possible outcomes. The multinomial logistic regression method is applied or utilised for determining the predictability of the dependent variable using the independent variables. According to Bayaga (2010), the probabilities of different possible outcomes can be predicted by using the multinomial logistic regression. Petrucci (2009) noted that the method is known in different names such as the softmax regression, multiclass LR, polytomous LR, maximum entropy etc. in simple terms the method can be defined as the extension of the binary logistic regression. The major difference from the binary regression is that this method allows more than two categories of the outcome variable.

According to Hosmer et al. (2013), the multinomial logistic regression is one of the attractive methods as it does not infer the linearity, normality or homoscedasticity. It can be recognised that the absence of the assumptions such as the independence among the dependent variable

strengthens the capability of the multinomial logistic regression. In addition, the method uses the diagnostic statistics which can be interpreted easily. Pal (2012) has pointed out that the method avoids the assumptions of the covariance matrices and equal variances across the groups. Furthermore, for the analysis using the multinomial logistic regression, the independent variable does not need to be an interval. According to Huttunen et al. (2013) under the multinomial logistic regression, the distributed error terms will be avoided. Hence, it does not occupy a position under the assumptions. As the data collected in the current study qualifies as multiclass (with more than two possible outcomes), multinomial logistic regression is deemed ideal. Multinomial logistic regression, in this case, was used for identifying the predictors of customer satisfaction in London Overground.

### **Passenger attitude towards the effectiveness of service of London Overground as a predictor of passenger satisfaction**

Multinomial logistic regression was used for assessing whether passenger attitude towards effectiveness of service of London Overground could be used as a predictor of passenger satisfaction. The following results were generated from the multinomial logistic regression.

- The passengers who found the services of London Overground to be effective are more likely to be very satisfied with the service than passengers who found the service ineffective.
- The passengers who found the services of London Overground to be highly effective, effective and moderate are less likely to be dissatisfied with the service of London Overground when compared to passengers who found the service ineffective.

A clear causal relationship between passenger attitude towards the effectiveness of service of London Overground and passenger satisfaction in London Overground is evident from the results of the multinomial logistic regression. This result indicates that passenger attitude towards the effectiveness of London Overground is a predictor of passenger satisfaction. The implication of this result is that improvement in effectiveness of service of London Overground is critical for improving the customer satisfaction in the service.

### **Association between issues faced London Overground and overall customer satisfaction**

Based on the information collected from passengers regarding the key issues faced in London Overground, the effect of these issues on customer satisfaction was determined with the help of multinomial logistics regression (Refer to Appendix 2, table 7). The results of the multinomial logistics regression revealed the following results;

- Passengers who found high crime rate to be a major issue in London Overground were less likely to be satisfied with the service than passengers who found the late arrival of trains to be a major issue
- Passengers who found profit-oriented strategies of London Overground to be a major issue were less likely to be satisfied with the service than passengers who found the late arrival of trains to be a major issue
- Passengers who found customer complaints to be a major issue in London Overground were less likely to be satisfied with the service than passengers who found the late arrival of trains to be a major issue

The implication of the above result is that though the late arrival of trains in London Overground was identified as a major issue by passengers, this issue does not have as much effect on passenger satisfaction as other issues such as high crime rate, profit-oriented strategies of London Overground and customer complaints. This means that London Overground needs to prioritise reducing crime rates and resolving customer complaints about the late arrival of trains as they are more influential on customer satisfaction.

### **Passenger period of use of service of London Overground as a predictor of passenger satisfaction**

Multinomial logistics regression was used for estimating how passenger period of use of services of London Overground influenced passenger satisfaction. The results of multinomial logistics regression revealed that passenger period of use of had a significant effect on passenger satisfaction. The following findings were inferred from the results of the multinomial regression analysis.

- Passengers who have been using London Overground for less than 3 years are less likely to be dissatisfied with London Overground than a passenger who has used the service for over 10 years.



- Passengers who have been using London Overground for 3-6 years are less likely to be dissatisfied with London Overground than a passenger who has used the service for over 10 years.
- Passengers who have been using London Overground for 6-10 years are less likely to be dissatisfied with London Overground than a passenger who has used the service for over 10 years.

The above results clearly indicate that passenger satisfaction levels are comparatively lower among customers who have been using the service for a longer time period have lower satisfaction with the services offered by London Overground. The implication of this result is that it sheds light on the ineffectiveness of the existing service of London Overground in satisfying customers who have been using the service for the longest period of time. This can also explain the very low retention rate in London Overground as the survey only 15% of passenger belonged to 10+ year group.

#### **Passenger attitude towards rail privatisation as a predictor of passenger satisfaction**

This test focused on evaluating how passenger attitude towards rail privatisation influenced their satisfaction with London Overground. Some of the main results emerging from this analysis are:

- The results of the test revealed that passengers who found rail privatisation to be ineffective were more likely to be dissatisfied with London Overground than passengers who had a positive outlook towards rail privatisation.
- Passengers who were neutral to rail privatisation were also likely to be less satisfied with London Overground than passengers who had a positive outlook towards rail privatisation.

This result shows that customer attitude towards rail privatisation has clear impact on customer satisfaction. This points to the fact that customer satisfaction is an outcome of customer perception of service and that passengers who have a negative perception of rail privatisation are therefore likely to be less satisfied with the service as they are persuaded by their negative outlook. On the other hand, individuals who have a positive outlook towards rail privatisation are influenced by their positive perception when they articulate their satisfaction towards London Overground.

### **4.8.3 Analysis of Survey of London Overground Staff**

#### **Staff's attitude towards the effectiveness of London Overground as a predictor of staff satisfaction**

Multinomial logistics regression model was used for testing whether staff's attitude towards the effectiveness of London Overground was a predictor of staff satisfaction with London Overground. The results of the analysis revealed that staff attitude towards the effectiveness of London Overground was a predictor of staff satisfaction with London Overground. The following findings were identified from the results of multinomial logistics regression.

- Staff who found the services of London Overground to be effective were more likely to be satisfied with the services of London Overground when compared to staff who found the service to be ineffective.

The implication of this result is that improvement in the effectiveness of the services of London Overground is important for the overall improvement in employee satisfaction with London Overground.

#### **Staff period of use of London Overground as a predictor of staff satisfaction**

The analysis of staff period of use of London Overground in terms of its effect on staff satisfied identified that staff who have been using London Overground for less than 10 years were more likely to be satisfied with London Overground than staff who have been using London Overground for more than 10 years. This shows that staff who have been associated with London Overground for more than 10 years are not satisfied with the services of London Overground. From this, it can be understood that London Overground has failed in engaging staff who have been working with London Overground for more than 10 years. This could also explain the lack of employee retention in London Overground as only 14% of the staff in the survey belonged to 10+ year group.

#### **Staff attitude towards rail privatisation as a predictor of staff satisfaction**

The analysis of the causal relationship between staff attitude towards rail privatisation and staff satisfaction revealed there was a statistically significant link between staff attitude towards rail privatisation and staff satisfaction. The analysis revealed that staff who had a negative outlook towards rail privatisation were more likely to be satisfied with London

Overground than staff who had a positive outlook towards rail privatisation. This contrasts with the results emerging from the passenger survey as it was identified that passengers who have a negative perception of rail privatisation are likely to be less satisfied with the service. The implication of this result is that the staff of London Overground who have a positive attitude towards rail privatisation are unsatisfied with London Overground. This might be because of the disgruntlement of staff due to the non-realisation of the benefits initially expected from rail privatisation in London Overground.

#### 4.9 Research Model testing

##### Customer type as a predictor of customer satisfaction after rail privatisation in London Overground

Logistics regression model was employed for assessing whether customer type (staff or passenger) can be used to predict customer satisfaction after rail privatisation in London Overground. The result of the logistics regression model is given below.

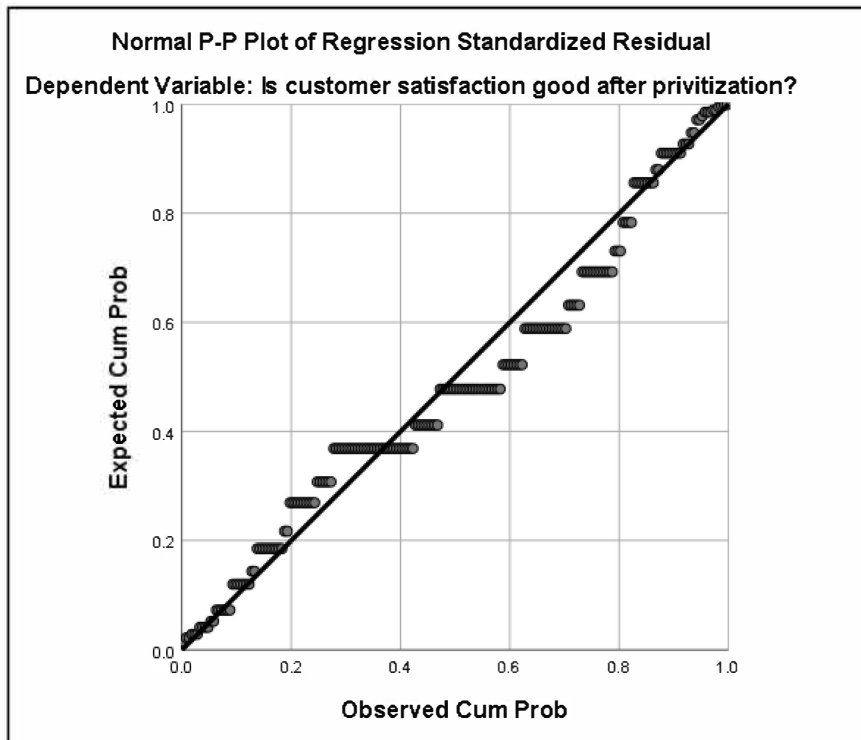
Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.343	.151		15.566	.000	2.046	2.640
	customer type?	-.086	.083	-.073	-1.027	.306	-.250	.079

a. Dependent Variable: Is customer satisfaction good after privatisation?

Table 4.8 Customer type as a predictor of customer satisfaction after rail privatisation

The above table shows that customer type can be used as a predictor for determining customer satisfaction after rail privatisation. The implication of this result is that staff of London Overground are more likely to have higher satisfaction after rail privatisation. This can be because of the improvement in staff experience in London Overground in the

aftermath of rail privatisation. On the other hand, the level of satisfaction after rail privatisation among passengers is comparatively low. This means that the improvement in passenger satisfaction in London Overground in the aftermath of rail privatisation fades in comparison to the improvement in staff satisfaction in London Overground in the aftermath of rail privatisation. This can be the reason for the difference in customer satisfaction after rail privatisation across the two customer groups (staff and passengers).



*Chart 4.4 Association between customer type and customer satisfaction after privatisation*

The results of the association between customer type and customer satisfaction after privatisation is summarised in the above chart. The chart compares the observed and expected customer satisfaction levels as predicted by the regression model. The chart reveals a strong association between observed and expected customer satisfaction levels which in turn is indicative of the reliability of the regression model. One crucial point to note in the above chart is that expected and observed customer satisfaction levels converge at low and high customer satisfaction levels indicating that the model is stronger in predicting high and low customer satisfaction levels as compared to moderate customer satisfaction scores.

### Association between the Perceived effectiveness of rail privatisation in London Overground and customer satisfaction after rail privatisation in London Overground

In this section, the perceived effectiveness of rail privatisation in London Overground is estimated by calculating the mean response of passengers towards rail privatisation related elements in the research model. Based on the estimated perceived effectiveness of rail privatisation in London Overground, a logistics regression model is used testing the association between the perceived effectiveness of rail privatisation and customer satisfaction after rail privatisation in London Overground. The result of the logistics regression model is outlined below.

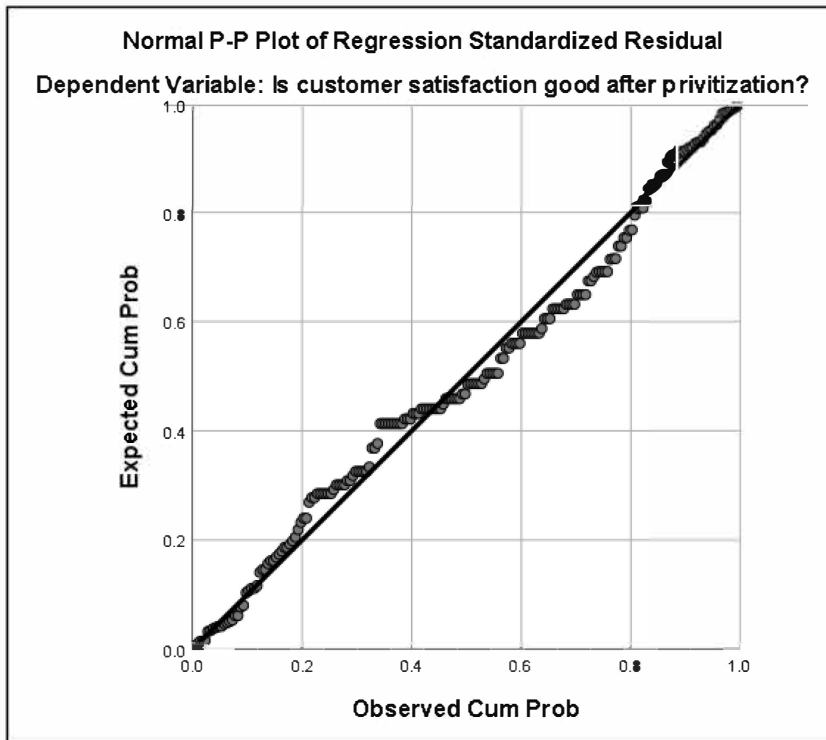
Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.553	.115		13.492	.000	1.326	1.780
	Is privatisation good?	.331	.057	.382	5.810	.000	.218	.443

a. Dependent Variable: Is customer satisfaction good after privatization?

*Table 4.9 Perceived effectiveness of rail privatisation as a predictor of customer satisfaction after rail privatisation*

The above regression model indicates that the perceived effectiveness of rail privatisation has a strong association with customer satisfaction after rail privatisation. The results indicates that customers who have a positive outlook towards rail privatisation were 33.1% more likely to be satisfied with London Overground after rail privatisation than customers who have a negative outlook towards rail privatisation.

This association is statistically significant at .000 levels. The association between perceived effectiveness of rail privatisation and customer satisfaction after rail privatisation is summarised in the below chart.



*Chart 4.5 Perceived effectiveness of rail privatisation as a predictor of customer satisfaction after rail privatisation*

The above chart plots the association between observed customer satisfaction levels and the expected customer satisfaction levels as predicted by the regression model. The chart shows that the model is highly effective in predicting customer satisfaction levels on the basis of the perceived effectiveness of rail privatisation. This also indicates the model proposed in the study is highly reliable one as it is.

#### **4.10 Hypothesis Testing**

In this section, the hypotheses proposed in the study are tested with respect to the results of the correlation and multinomial logistics regression. The focus here is on assessing whether the results of the statistical analysis prove or disprove the research hypotheses of the current study. The hypotheses testing focused on analysing whether privatisation of London Overground had any significant effect on passenger satisfaction, punctuality of train services and quality of customer service offered by the rail service.

*H1: The privatisation of London Overground has had a significant positive impact on passenger satisfaction levels*

One of the main hypotheses of the study was that the privatisation of London Overground had had a significant positive impact on passenger satisfaction levels. This hypothesis was tested by carrying out multinomial logistics regression on how passenger attitude towards rail privatisation influenced their satisfaction with London Overground. The results of this analysis showed that passenger attitude towards rail privatisation had a significant impact on passenger satisfaction as passengers who found rail privatisation to be ineffective were more likely to be dissatisfied with London Overground than passengers who had a positive outlook towards rail privatisation.

This result implies that the perceived effectiveness of rail privatisation was a key antecedent to passenger satisfaction in London Overground. This means that customers who found rail privatisation to be effective were more satisfied with the service. The results of logistics regression also support this viewpoint as it is evident that the perceived effectiveness of rail privatisation has a statistically significant association with passenger satisfaction. Based on these results it can be understood that the research hypothesis H1 holds true in the current study.

The implication of this result is that it points out the rail privatisation has had a positive impact on passenger satisfaction levels. Research hypotheses H2 and H3 focus on explaining how rail privatisation has influenced customer satisfaction levels by estimating the association between rail privatisation and punctuality of train service and quality of customer service offered in London Overground.

*H2: The privatisation of London Overground has had a significant positive impact on punctuality of the train service*

The second research hypothesis in the current study proposed that privatisation of London Overground has had a significant positive impact on punctuality of the train service. One of the key findings emerging from the study was that though the late arrival of trains in London Overground did not have any significant effect on passenger satisfaction. On the other hand, other issues such as high crime rate, profit-oriented strategies of London Overground and customer complaints were identified to have a negative association with customer satisfaction. However, the study fails in offering evidence in support of the research hypothesis H2. This leads to the inference that rail privatisation has had no significant effect on the punctuality of the train service. This, in turn, indicates that improvement in punctuality of train service cannot be used as an explanation for the improvement in passenger

satisfaction in the aftermath of rail privatisation. Based on this result it can be understood that rail privatisation has not delivered an improvement in punctuality of train service.

*H3: The privatisation of London Overground has had a significant positive impact on the quality of customer service offered by the train service*

The last hypothesis of the study outlined that the privatisation of London Overground has had a significant positive impact on the quality of customer service offered by the train service. The results emerging from the analysis carried out in the study revealed that passenger attitude towards the effectiveness of service of London Overground had a strong association with passenger satisfaction in London Overground. This meant that the passengers who found the services of London Overground to be effective are more likely to be very satisfied with the service than passengers who found the service to be ineffective. This points to the association between service effectiveness and passenger satisfaction in London Overground. Based on this result it can be understood that privatisation of London Overground has had a significant positive impact on the quality of customer service offered by the train service and that this has improved the passenger satisfaction in London Overground.

#### **4.11 JUSTIFICATION OF RESEARCH OBJECTIVES**

- To analyse the factors contributing to the privatisation of London Overground

From the study, it was found that heavy capital expenditure is the major cause that turned the customers' attitude towards the privatisation, and this argument was supported around 34% of respondents. This means that the expected increase in capital expenditure was a key reason for the privatisation of London Overground. Similarly, the 'Lack of effective service' was identified as a significant factor in the current research that led the respondents to reply to support the privatisation as the results of multinomial regression performed in the study support this view. As part of this, the arguments of Rezapour et al., (2014) was significant, and the researcher emphasised that the capability of private firms to deliver quality service compared to the public owned firms is the significant intention behind the privatisation efforts of the companies.

Operational risks and financial risk loyalty are other factors that led the respondents to support privatisation, and that includes 8%. Gonzalez and Kemp (2016) state, private sector firms have the flexibility to make the changes easily unlike the public companies, and as part



of this, the recruitment and removal of employees from the job are easy, and hence, the flexibility factor is one of the reasons for enhancing the importance of privatisation among the nations.

Moreover, there were high risks, safety issues and high costs in the London Overground. These all led the respondents to give a positive response towards the privatisation of London Overground. 34% of respondents supported the privatisation due to the high capital expenditure of railway functioning.

In political control, reliability and punctuality can be evaluated, especially with the service inefficiency. Before the privatisation, there was high political control over the London Overground that led to the concentration of management power in the hands of few, which affected the economic development. This is one of the major reasons for respondents to support privatisation. Reliability can be included in the inefficiency factor, and the respondents supported privatisation due to the unreliable nature of the British Railways. Likewise, punctuality issues were also inefficient. This also led the respondents support for London Overground Privatisation

- To evaluate the elements affecting satisfaction levels among railway passengers

Satisfaction with Service, Elements affecting satisfaction, Satisfaction with Ticketing, Ticket Pricing, on time services, Customer Service and Station Environment were identified as the elements affecting satisfaction levels among railway passengers in the current study.

- To assess the impact of privatisation on satisfaction levels of passengers of London Overground

The results of the study revealed that the perceived effectiveness of rail privatisation has a strong association with customer satisfaction in London Overground. The results indicate that customers who have a positive outlook towards rail privatisation were 33.1% more likely to be satisfied with London Overground after rail privatisation than customers who have a negative outlook towards rail privatisation. This association is statistically significant at .000 levels. The implication of this result is that it points to the importance of perceived effectiveness of rail privatisation in determining the level of passenger satisfaction in the service and thereby places importance on effectively communicating the outcomes of rail privatisation among passengers in order to enhance their satisfaction. However, the results of the study are based on the assessment of the effect of perceived effectiveness of rail

privatisation and hence cannot be objectively considered as an evaluation of the results of rail privatisation in London Overground.

#### **4.11 Summary**

The presentation, analysis and interpretation of the study were carried out in this chapter. The impact of privatisation of London Overground on the passenger satisfaction was estimated in the study with the help of a research model. The survey was conducted among 150 passengers and 50 staff of London railways by distributing the survey questionnaire to them. The quantitative data accumulated through the survey was analysed with the help of descriptive analysis, multinomial logistics regression analysis and correlation method. The results of data analysis revealed that perceived effectiveness of rail privatisation has a strong association with customer satisfaction after rail privatisation.

The results indicate that customers who have a positive outlook towards rail privatisation were 33.1% more likely to be satisfied with London Overground after rail privatisation than customers who have a negative outlook towards rail privatisation. The key implication of the study is that the results of the study support the opinion of Novas, Zondiros and Filios, (2009) that customer services were one of the most significant aspects determining the passenger satisfaction in railway services. The results of the study indicate that perceived effectiveness of rail privatisation has positive influence on passenger satisfaction as the research model measured the impact of perceived effectiveness of rail privatisation on passenger satisfaction as a stand-in for the impact of rail privatisation on passenger satisfaction.

The approach adopted in research model was underpinned by ACSI model of customer satisfaction. This means that the positive impact of perceived effectiveness of rail privatisation does not necessarily reflect on the effectiveness of rail privatisation. The next chapter of the dissertation summarises the main conclusions emerging from the research while also highlighting the research limitations and scope for future research in the research area. The next chapter also offers actionable recommendations and highlight the academic and managerial implications of the study.

## **CHAPTER 5: FINDINGS AND DISCUSSION**

### **5.1 Introduction**

This chapter discusses the main findings emerging from the data analysis and sheds light on the academic and practical implications of the research findings. The research findings are evaluated in comparison with the existing views in the literature review. As part of the discussion, the three research objectives will be divided into three sections for the ease of understanding of the readers. This includes factors contributing to the privatisation of London Overground, elements affecting the satisfaction levels among railway passengers and impact of privatisation on satisfaction levels of passengers of London Overground. Finally, a section discussing the hypothesis testing will be incorporated for completing the findings and discussion chapter. In addition to this, the key implications of the results of the study are discussed by shedding light on the significance and value of the research findings. Importantly, the results of the study are compared and cross-analysed with current perspectives in the literature to contextualise the research findings.

### **5.2 Discussion of results**

The most important result emerging from the study is that the privatisation of London Overground had a significant positive impact on passenger satisfaction levels. The regression analysis carried out in the study depicts that customers who have a positive outlook towards rail privatisation were 33.1% more likely to be satisfied with London Overground after rail privatisation than customers who have a negative outlook towards rail privatisation. The implication of this is that it is the perceived effectiveness of rail privatisation that exerts influence on passenger satisfaction rather than rail privatisation itself. This is because the measurement model proposed in the study measures the impact of perceived effectiveness of rail privatisation on passenger satisfaction as a stand-in for the impact of rail privatisation on passenger satisfaction. The main point to note here is that perceived effectiveness of rail privatisation does not necessarily reflect on the effectiveness of rail privatisation as passenger perception of rail privatisation has many antecedents such as passenger experience in rail service during the pre-privatisation period and political preferences of the passenger.

Nevertheless, the study results hold value as it sheds light on how passengers perceive rail privatisation in London Overground and the implications of this on passenger satisfaction levels in the rail service. It also needs to be noted that it is implausible to link the objective evaluation of rail privatisation with passenger satisfaction as passenger satisfaction is

strongly associated with perceived quality of service as outlined in American customer satisfaction index (ACSI) model of customer satisfaction (Angelova, 2011; Sun and Kim, 2013). As indicated in the ACSI model, the analysis of customer satisfaction is achievable through the analysis of the perceived quality of the service. By adopting this perspective, it can be inferred that the current study has succeeded in assessing the link between rail privatisation and passenger satisfaction in London Overground. However, the results of the study need to be assessed keeping in mind that it is not truly reflective of the effectiveness of rail privatisation because of the gap between service delivery and perceived service. This gap is termed as the communication gap in the Service Quality Gap model (Angelova and Zekiri, 2010).

Another important perspective to consider while assessing the results of the study is the cause and effect nature of customer satisfaction as outlined in the ACSI model. According to Sun and Kim (2013), ACSI is a cause and effect model with expectations of the customer, perceived quality, and perceived value driving customer satisfaction. This perspective on customer satisfaction indicates that the construct (customer satisfaction) that forms the effective part of the research issue can be measured by reviewing the cause aspect (perceived quality). This holds true in the current study as it is evident that customer perception of the effectiveness of rail privatisation has a positive impact on customer satisfaction.

Flammini, Bologna and Vittorini (2011) in the literature review identified punctuality as one of the prime factors affecting customer satisfaction in railway services. However, the results emerging from the study does not support this view as limited evidence emerge from the study in support of the argument that train punctuality holds critical importance in customer satisfaction in railway service. The current study indicates that ticketing and ticketing pricing exert more influence on customer satisfaction than train punctuality.

The study also identified that customer satisfaction with ticketing and ticket pricing was very high in London Overground. This result can be linked to the finding of Jupe and Funnell (2017) that rail privatisation in Britain led to a reduction in rail fares and improvements in service quality of railway services mainly related to punctuality, reduction in overcrowding and overall improvement in railway safety. Though the current study does not corroborate the positive effect of rail privatisation on train timing and safety, it does offer evidence regarding the improvements in service quality and ticket pricing in London Overground in the aftermath of rail privatisation.

However, the study of Jupe and Funnell (2017) link improvement in punctuality and rail safety with increased investment in rail infrastructure by Network Rail and not directly to rail privatisation.

On the other hand, Nash (2009) had posited that rail privatisation was a key driver of increased rail infrastructure investment and hence the improvements in rail safety can be linked to rail privatisation. So, the assertion of Jupe and Funnell (2017) contrasts with the findings of Nash (2009). Based on these perspectives, it can be understood that the current study has succeeded in strengthening the argument of Jupe and Funnell (2017) by offering evidence in support of their claim that rail privatisation in Britain led to a reduction in rail fares and improvements in service quality of railway service.

The current study has explored the effect of privatisation of British railways on the passenger satisfaction using the survey strategy. The researcher has conducted a survey with the staff and the passengers of London Overground for obtaining the quantitative information regarding the effected of railway privatisation. From the survey, it was identified that the passengers who have been using the services of London Overground over ten years do not hold any negative opinion towards the privatisation of London Overground. By conducting the survey with the passengers, this study focused on the changes in the attitude of the customers when the London Overground got privitised. Flammini, Bologna and Vittorini (2011) identified that the privatisation brings substantial issues in association with the monopoly and thus impacts the public trust towards the services. However, while analysing the survey results against the literature findings, it can be said that the findings from the survey contradict the literature findings.

The literature findings pointed out that the customer satisfaction in the railway service is largely impacted by various factors (Novas, Zondiros and Filios, 2009). From the literature review, it was found that the reliability, cleanliness, safety, punctuality, travel time and the service costs were the main factors affecting customer satisfaction in the railway services (Flammini, Bologna and Vittorini, 2011). The survey responses of this research strengthen the case for of the work of Flammini et al., (2011) as their findings were like the results of the data gotten from London over ground passengers. This suggests that passenger satisfaction was passenger satisfaction was higher for the ticket pricing when compared to other elements of the railway services such as ticketing, station environment, customer services and on time services. The current study has performed Pearson correlation analysis for testing the

association between the ticketing and the customer's satisfaction. It was identified from the analysis that the customer satisfaction and ticketing were statistically significant (0.214).

One of the main results emerging from the study is that rail privatisation contributed positively to improving service quality in London Overground. Similar findings were also identified in the literature review that privatisation resulted in improvement in service quality (Hermann and Flecker, 2013) and operational efficiency (Assaf, 2010; Anell, 2011; Robertson and Dale, 2013). For instance, Flecker and Hermann (2013) in their study on privatisation of public services in European nations, which identifies that there was a significant improvement in service quality in different sectors such as automobile and telecom thanks to privatisation carried out in these sectors in 1980's and 1990's. Similarly, Assaf (2010) analysed the operations of Australian airports post-privatisation and identified that the cost efficiency of airport increased significantly because of the privatisation. Comparable results were also identified by Al'Afghani (2012) in the context of privatised water services sector in Indonesia. The study revealed that passengers enjoyed reliable service after privatisation. All these studies support the viewpoint that privatisation has a positive influence on service quality.

From the literature review, it was found that the customers often make a detailed comparison of the service providers particularly the quality and the value of services offered before choosing the services (de Oña et al., 2016). The studies of Aydin, Celik and Gumus (2015) illustrated that the service quality and the value are the main factors determining the customer satisfaction. Through implementing the survey, the researcher has made an increased effort to identify the association between the customer services and the passenger satisfaction. From the survey results, the researcher revealed that the customer service is the most significant aspect of determining the passenger satisfaction in railway services (Novas, Zondiros and Filios 2009). From the literature review, the researcher found that the huge rush in the trains and the incidents of train collisions and immediate cancellations of trains due to weather conditions impact the customer satisfaction towards the railway service.

Apart from this, the customer satisfaction towards the rail services is largely affected by the operational efficiency of railway network services Aydin, Celik and Gumus, 2015). Chou and Chang (2014) mentioned that the passenger satisfaction level is completely dependent upon the facilities available both inside and outside the railway stations. The parking facility and the modes of transport are the main factors affecting the customer satisfaction outside the

railway station. Apart from this, the inside facilities of the railway station which influence the customer satisfaction level include quality of the services like shops, cafes, waiting room, ticketing and overall cleanliness of the train. Additionally, the provision for suggestion handling, complaint dealing, ticketing services and enquiry also add customer satisfaction towards the rail services. Nandan (2010) pointed out the safety as the important factor determining the customer satisfaction towards the rail services.

From the findings of Eboli and Mazzulla (2012) the researcher identified that the facilities inside the train which determines the customer satisfaction include safety to the belongings, accessibility to the personnel in case of emergency, availability of lights and fans, space for keeping luggage's, electric ports for charging mobile phones and laptops, comfortable and clean seating's and berth and accessibility to the clean washrooms (Novas, Zondiros and Filios, 2009). Additionally, the researcher while analysing the literature review identified that the customer satisfaction is determined by various socio-demographic factors. Compared to the urban inhabitants, villagers are the frequent users of rail services. Apart from this, the passengers in the train belong to different age, name and segments and thus the anonymity plays a substantial role in determining customer satisfaction towards the rail services. Thus, while comparing literature findings with that of the survey, the research found that customer services are the primary determinant of customer satisfaction towards the rail services.

From the literature review, the data show that the customer services pose a direct association in heightening the customer satisfaction towards the railway services. The researcher has identified similar findings from the survey results collected from the passengers. The survey responses collected from the passengers revealed that there exists a statistically significant correlation between the customer services and the customer satisfaction.

By using the survey instrument, the researcher aimed to assess the main issues faced by passengers in London Overground in the post-privatisation era. It was identified from the survey that the late arrival of the train was the most important issue faced by the passengers in London Overground. However, this had not made any significant impact on the customer's satisfaction. This means that the ill effects of rail privatisation that were identified in the literature review such as increased safety issues and performance issues (Clark, 2011) were also present in the London Overground to some extent. For instance, the survey results indicate that passengers faced performance issue especially in relation to late arrival of trains in London Overground.

By linking with the findings of Clark (2011) and the survey results, the researcher concluded that privatisation has caused London Overground to face increased performance and safety issues. From the literature review, the study found that the privatisation leads to the establishment of monopoly thereby resulting in pricing wars and unfair competition impacting the public interests. The study has identified from the literature review that the firm after privatising its operations starts enjoying the power of monopoly and thus prices their products and services from their interests and preferences. This eventually results in price wars with other forms of transportation including London Underground and other public transportation services in London and tough competition in the industry (Stiglitz, 2010). Thus, by linking the findings of Stiglitz (2010) with the survey results, the researcher concluded that the profit-oriented strategies executed by the London Overground were one of the main issues faced by the passengers.

From the literature review, the study found that the privatisation resulted in the British railways to increase the passenger rate. After the privatisation, the passenger rate of British railways increased from 50 million in 1995 to 1340 million in 2010. However, the rise in passenger rate does not indicate an increase in passenger satisfaction as some studies shows that the satisfaction level of passengers who have been making use of the rail service in London for a longer period have declined in recent years which can be linked to rail privatisation.

However, the researcher has failed to support the literature findings with the survey results. From the survey responses collected, the researcher noticed that the satisfaction level of passengers who have been making use of rail services in London Overground for a longer time decreased because of the privatisation of the services. One of the main reasons for the rising number of passenger growth in British railway as quoted by Bowman et al., (2013) was the rail privatisation. This means that number of passengers in London Overground was rising despite the lower level of satisfaction among passengers regarding the service. This implies that passenger satisfaction is not an important determinant of passenger behaviour in railway services as passengers often continue to use public transportation such as railway services despite the lack of satisfaction with the service due to lack other viable transportation options especially in urban areas. This means that the rise in passenger levels in British Railways identified by Bowman et al., (2013) does not suggest that passengers of British Railways are satisfied with the level of services offered to them in the post-privatisation era, in this case London Overground.



In analysing the responses of staff, the researcher considered the multinomial logistic regression model. From the analysis, the researcher revealed that the staff satisfaction towards the London Overground was dependent upon the staff attitude towards the privatisation. The study from the analysis revealed that the staff who found the services of London Overground as effectively hold higher satisfaction with the services. The attitude of customers or the staff holds a prominent role in determining their level of satisfaction towards the London Overground. Compared to the passenger responses, the responses collected from the staff were different.

The study has raised the question to assess the staff attitude towards rail privatisation. From the survey responses collected from the staff, the researcher identified that after the rail privatisation the staff satisfaction towards the London Overground improved. The researcher found that the staff satisfaction towards London Overground increased after rail privatisation. The study by carrying out regression model analysis found that there exists a strong association between the perceived effectiveness of rail privatisation and customer satisfaction after the rail privatisation. It was found that the customer holding a positive outlook towards rail privatisation poses higher satisfaction towards the London Overground than the customers holding a negative outlook towards the rail privatisation.

### **5.3 Discussion of Elements affecting attitude towards rail privatisation and customer satisfaction**

The major objective of the Customer Satisfaction (CS) research models was to recognise and evaluate the passenger satisfaction level in relation to the London Overground. Exploiting the seven research survey questions, it could assess the satisfaction of passengers in the London Overground. Moreover, from the regression model, it was found that the customer satisfaction and the privatisation are closely linked as, after the privatisation of London Overground, the customers began to utilise railway service compared to the previous years. Moreover, around 33.1% of customers had a favourable attitude towards the privatisation of London Overground, and that showed the trust of customers on the London Overground to satisfy their travelling needs.

According to Besednjak, (2010), with reference to the customer satisfaction, it could be understood that there is close connection between the satisfaction of the passengers and rail privatisation. It can be understood that the privatisation of railways might have improved the customer satisfying elements and that ultimately could have come out in the form of

increased customer satisfaction. The satisfying elements may be in the form of increased facilities. As part of this, Gill (2017) argued that concerning the privatisation of the rail services in London, efficient information process and better trains were provided for the customers and that highly contributed for the enhancement of customer satisfaction. From this, it can say that the British Rail and in this case London Overground passengers began to get new or better trains and the renovated trains after the privatisation. Passengers began to enjoy the latest information regarding the train service through the latest rail information system. These all could be the reason for increased customer satisfaction.

Likewise, Gill (2017) also added that the privatisation enhanced the engagement in the activities of railway services and improved the level of customer satisfaction. One can argue that the increased engagement may be related to the passenger's engagement. As part of the privatisation, the passengers may begin to use or engage in the railway services due to the extraordinary services provided by the London Overground, unlike the other transport services. This may be a reason for the enhanced customer satisfaction. Likewise, the engagement of companies could be in the form of supporting to improve the railway services that finally benefits the passengers. Boardman et al., (2009) observed that the privatisation is the efforts of a country to abolish the constraints faced by the private firms or the individuals to deal with the assets of a country. Considering this, it can say that the private individuals and firms attained a chance to enhance the facilities of the London Overground and that might have led to the increase of customer satisfaction. Hence, it can be inferred that the privatisation improved the capability of London Overground to meet the requirements of the people that eventually drove to increase the customer satisfaction.

Regarding the satisfaction with the services and thereby the customer satisfaction, the argument of Gill (2017) is related and relevant. Gill (2017) suggest that the better services like efficient fleet trains and the latest information sharing system enhanced the customer satisfaction of London Overground passengers. Suleiman (2012) is of the view that in the present-day business, the customer satisfaction has significance in determining the success. Hence, it may be due to the better service like cleanliness, safety and low fare that may lead to increase the customer satisfaction and thereby better business. It can be considered in the case of London Overground that the CS might have increased due to the better services that drove to the higher customer satisfaction. Here, the researcher understood the first important element that has been affecting the customer satisfaction in the London Overground.

The second element that illustrated the CS model is the elements affecting the customer satisfaction that lead to the customer satisfaction. From the literature, it is identified that Transport for London has many responsibilities while providing services to the people that include the safety, affordable ticket pricing and security (TFL, 2017). It can be argued that the TfL mentioned elements such as safety, security and affordable pricing could be considered as the major elements that determine the customer satisfaction. Lour et al., (2015) pointed out the significance of a few surprising elements and its importance in enhancing the customer satisfaction and the competitive advantage.

The elements mentioned by Lour et al., (2015) is in the form of service quality, dependability, fair fare, punctuality, etc., and these all lead to the high customer satisfaction. While going through many of the arguments regarding the elements of customer satisfaction, it can interpret that many internal and external elements are contributing to customer satisfaction, and as part of it, it was understood that the efforts of the organisations to meet the expectation of the customers generate value and that will be in the form of satisfaction. Chou et al., (2014) observed that the outstanding service quality drives the customers to take a positive attitude towards the railway services. Eboli and Mazzella (2012) stated that numerous elements positively influence the feelings and emotions of the customers and that results in the form of customer satisfaction.

The arguments of Chou et al. (2014) and Eboli and Mazzella (2012) can be interpreted as, many elements including the service qualities and reduced fares create a positive mentality among the passengers as it affects the feelings and emotions of the customers positively and that eventually aid to improve the customer satisfaction in the London Overground. From the descriptive statistics analysis, it could be found that regarding the London Overground services, the total customer satisfaction touched the top level, and for achieving these many elements are contributing. The element of ticket pricing is prominent among them. Apart from this, the previous experience, the past service knowledge of passengers regarding the London Overground services, the adopted measures to improve the services, customer service and environment of the railway stations are also important. From the survey, the researcher concluded that pricing is the prominent element that has been affecting the customer satisfaction in London Overground. However, like the pricing element, the punctuality, cleanliness, service quality and attractive station environment also contributing to the high customer in London Overground. From these all, it can conclude that the elements of customer satisfaction that had mentioned in the Customer Satisfaction Model are highly

contributing to the customer satisfaction in London Overground. From this, it can be inferred that the study has met the second objective of the current research by understanding one of the significant elements (elements affecting the customer satisfaction) that affecting the customer satisfaction of rail passengers in the London Overground.

Thirdly, from the customer satisfaction model, it was found that the satisfaction with ticket pricing also contributes to the improvement of customer satisfaction. Chou et al., (2018) argue that in the railway industry, the pricing of ticketing has a significant role in the perception of the customers to choose the service or not. The work Lee (2009) is relevant here as he pointed out that, importantly three factors such as pricing, quality and expectation affect the customer satisfaction of a brand. Lee (2009) added that the brand that meets these factors in the goods and services would attain a competitive advantage in the market. Here one can argue that customer satisfaction mainly depends on price, quality and expectation and the companies which promote these factors will be able to achieve high customer satisfaction and thereby highly competitive advantage in the market.

Chou et al., (2018) also highlighted the significance of cost-effective service and thereby high customer satisfaction in the railway sector. It can interpret that, as part of the ticketing price, if the services are providing with affordable price, the passengers may be more willing to choose the services and conversely the high pricing leads to the boycotting of railway services. Gallup organisation (2011) reported that the services related to the ticketing are one of the three factors that decide the customer satisfaction. Chou and Chang (2014) say the customer satisfaction of railway service depends on the facilities that are available for the passengers inside and outside the railway station that importantly include the facilities regarding the process of ticketing. Thus, it can deduce that the satisfaction with the ticketing leads to the customer satisfaction. From the passenger survey using the descriptive statistics, it was found that the mean level of ticket pricing is comparatively higher than the other elements of customer satisfaction. This indicates that the medium ticket pricing after the privatisation of London Overground positively affected the customer satisfaction. Anyhow, it does not mean that the other elements are not contributing to the higher customer satisfaction.

The Pearson correlation analysis found that there is a close correlation between ticketing and the customer satisfaction and that also contribute to the higher customer satisfaction of

London Overground. From the correlation analysis, it also recognised the importance of improving the ticketing experience of the customers that will aid to sustain the existing customer satisfaction. Jupe and Funnell (2017), stated that in the London Overground the ticket fare decreased and the service qualities like punctuality and cleanliness have improved, and this can be equated with the improved customer satisfaction. Among this, the reduction of price can be regarded as one of the major reasons for improving the customer satisfaction. Here the researcher understood the third element (Satisfaction with Ticketing) that is contributing to the customer satisfaction in London Overground.

The fourth element of customer satisfaction in the London Overground is the ticketing process, and it was found that customer attractive ticketing process in London Overground is one of the major reasons for improving the customer satisfaction. Within literature, the opinions regarding ticketing and its link with customer satisfaction drawn from the work carried out by (Jupe and Funnell, 2017; Chou, et al., 2018) were discussed. This emphasize that affordable train ticket as part of this, the affordable train tickets and its role in the customer satisfaction is important. From the argument of Chou, et al. (2018) it can interpret that the ability of all the people whether it is poor, middle class and rich to afford the train ticket and the efforts of the railway authority to implement the same will be helping to enhance the customer satisfaction.

Gallup organisation (2011) opined that the ease of buying a ticket with the other service qualities like information availability and the personal security of the travellers are the important factors that increase the customer satisfaction. Chou and Chang (2014) observed that the facilities that include both internal and external of the railways affect the customer satisfaction. The authors also included that the internal facilities such as ticket counter, toilets, cafes, shops and waiting rooms and so on generate positive feelings among the passengers and in that way the customer satisfaction could be improved. Drawing on this, highlights the ticket counter factor and its role in the customer satisfaction. It can assume that the easy access ticket counters, air-conditioned space for the passengers in front of the counter room, good attitude of the counter officials and so on, could be attractive for the passengers that may increase the customer satisfaction. From the descriptive statistics, it was found that the passenger satisfaction is higher than the satisfaction of staff who work there in the London Overground. From the descriptive statistics, it is found that few elements are importantly ticketing, or the facilities surrounded with the ticketing in the London Overground enhance the customer satisfaction. Here, it can conclude that the ticketing

element has important role in enhancing the customer satisfaction in London Overground and this way the researcher met the second objective.

From the CS model, it is recognised that on-time service is another element that contributes to the high customer satisfaction in the London Overground. From the findings, especially from the Descriptive Statistics of passenger survey, it was found that ticket pricing is the major factor that enhances the customer satisfaction. Anyhow the other factors particularly the on-time services are highly allowing the London Overground to enjoy customer satisfaction. From the survey, the researcher attained the information that the customer services, ticketing, on time services and station environment are mainly contributing to the increased customer satisfaction in the London Overground.

Moreover, the descriptive statistics also show the comparative higher satisfaction of passengers than the staff in London Overground, and in the higher satisfaction, on-time service has an important role. From the literature, it is understood that the people are busy with the life and business activities and in this busy lifetime has important value, and the punctuality in the transporting improves the customer satisfaction (Malthouse and Blattberg, 2010). It can assume that the punctual timing of train in the London Overground could be one of the reasons for the improved customer satisfaction that has mentioned in the fourth chapter. Flammini et al., (2011) content that the punctuality process of railways including the on-time arrival and departure are some of the, leading elements that increase the customer satisfaction. Lecomte et al., (2016) say that the on-time arrival of trains increases the customer attraction towards the rail services. Aydin et al. (2015) argued that the quality service including the time punctuality is the major determinant of customer satisfaction. Thus, it can infer that the on-time service in the London Overground is another element that increases the customer satisfaction and this conclusion is the contribution to the second objective of the current research.

Customer service is another element that increases the customer satisfaction in London Overground. In the fourth chapter, the correlation chart 4.3 displayed that there is a positive statistically important link between the customer satisfaction and the customer service. The correlation analysis also said that better customer service leads to positive customer perception that eventually concludes in the higher customer satisfaction. Further, the correlation chart 4.3 displays that the passengers of London Overground are satisfied with the

customer service. Monsuur et al., (2017) observed that delivering the productive customer service was one of the main attributes behind the privatisation of London Overground. Flammini, Bologna and Vittorini (2011; Lecomte et al. 2016) mentioned that reliability is one of the factors that lead to customer satisfaction. In the context of London Overground, it can say that the reliable customer service could be a reason for the outstanding customer satisfaction. It was found from the literature that all aspects related to the customer experience enhance the possibility of organisations' sustainability and existence. From this point, it can infer that the customer experiences like better customer service increase the customer satisfaction, and thereby the sustainability and existence of the organisation can be expected. From the research findings, it could understand that the better customer service of London Overground aided to increase the customer satisfaction and thus, in future the sustainability and existence of London Overground can be expected. Hence, it can conclude that the study identified the relationship between customer service and customer satisfaction in the London Overground and in this way the researcher met the second objective of the research.

Finally, in the realm of Customer Satisfaction Model, station environment is an important element that enhances the customer satisfaction in the London Overground. Wills (2016) said that in London, there were bad rails and filthy railway stations before the privatisation. It can be said that the privatisation could be the primary reason for establishing a clean and neat station environment, and it could be the reason for enhancing the customer satisfaction in London Overground. Reis et al. (2013) observe that majority of the railway users are the rural people compare to the urban and hence, the rural people may not be well adapted with the congested and rush railway stations. In the current research context, this argument can be interpreted that rush and congested station environment may affect the customer preferences and thereby the customer satisfaction of the London Overground passengers. In the findings section especially in the descriptive statistics of passenger survey section, it is seen that better customer service is one of the primary reasons after the ticket pricing that enhances the customer satisfaction in relation to the London Overground.

Moreover, in the descriptive statistics staff survey section showcases that customer satisfaction is high compared to the staff satisfaction due to the better station environment in the London Overground. From the survey also, the researcher realised that the station

environment is one of the major factors that is contributing to the enhanced customer satisfaction in the London Overground. In unison, Chou and Chang (2014) stated that the internal and external facilities of the railway facilities are closely linked with the customer satisfaction. In the current context, the internal factors of Chou and Chang (2014) can be included in the station environment. Hence, the clean and neat station environment could be increasing the customer satisfaction. Thus, it can conclude that the better station environment increased the customer satisfaction of London Overground passengers, and hence the researcher again met the second objective of the research.

One of the other main findings emerging from the study is the difference in staff and passenger's attitude towards rail privatisation. The study results show that the staff of London Overground have a more positive outlook towards rail privatisation than passengers. This indicates that the outcomes of rail privatisation were more positive for staff when compared to passengers. The Attitude towards the Rail Privatisation model or the ARP model showcases five elements, and it can say that the rail privatisation is the outcome of these five elements. The five elements are period of using London Overground, effectiveness of services of London Overground, Opinion of outcomes rail privatisation, factors driving rail privatisation and Issues related to rail privatisation.

The first element that contributes to the rail privatisation is the period of using London Overground. It means that the attitude of passengers towards the privatisation was different when the researcher considered both the passengers who used London Overground many times and the passengers who used the service less period. It can be argued that both the aspects towards the privatisation could be different. From the Pearson correlation analysis, it is found that the passengers who have been using the London Overground for a long period have a positive attitude towards the privatisation of London Overground. However, the Pearson correlation also says that the passengers who have used the London Overground for a limited number of periods have a negative attitude towards the privatisation. However, the statistics did not show much difference between the two. The findings say that the passengers who have been using the London Overground for more than ten years have a positive attitude towards the privatisation.

With the use of multinomial logistics regression, it was found that the period of using of London Overground and the customer satisfaction are linked, and the customer satisfaction leads to the positive attitude of passengers towards the Privatisation of London Overground.



As part of this, multinomial logistics regression displayed that the customer satisfaction of passengers who have been using the London Overground around three years enjoys less satisfaction and positive attitude towards the privatisation compared to the passengers who have been using the London Overground for last ten years. Likewise, the customer satisfaction and thereby positive attitude towards privatisation are high for the passengers who have been using the London Overground around ten years than the passengers who used the services for 3 to 6 years. In addition to this, the customer satisfaction is less for the passengers who have been using the London Overground between 6 to 10 years and instead the users are using more than ten years who have high customer satisfaction. From this, it can say that the high customer satisfaction led to generate a positive attitude towards the privatisation of London Overground.

The American Customer Satisfaction Index (ACSI) model discussed in the literature section depicts the causes and drivers of customer satisfaction (Suleiman, 2012). Regarding this, three causes such as, perceived quality, value and expectation drive to the effect that is customer satisfaction. The customer satisfaction may be in the form of complaints or the loyalty (Suleiman, 2012). The arguments of the ACSI model can be equated with the period of using London Overground and its contribution to the customer attitude towards the privatisation in the London Overground. It can be interpreted that the perceived quality, value and expectation might have met by the London Overground and that may contribute to the positive attitude towards the privatisation. The Swedish Customer Satisfaction Barometer model also highlighted the similar views of American Customer Satisfaction Index as the efforts of the organisation to meet the perceived quality, perceived value and perceived expectation lead to improve the customer satisfaction and later from the customer satisfaction complaints and loyalty may arise. As such the researcher concludes that the study has met the second objective by understanding the positive outcome of Period of using London Overground towards the privatisation attitude of London Overground customers.

The privatisation of London Overground is the outcome of the effectiveness of services of London Overground. Here, the argument is the perfect services provided by the London Overground leads to the positive attitude of the customers towards privatisation. In the findings, it was seen that the application of Multinomial Logistics Regression Model to understand the staff attitude towards the London Overground privatisation. The findings from the Multinomial Logistics Regression Model display that the effectiveness of service was the major reason for staff who were highly satisfied with the London Overground. This

result came out after assessing with the staff who think that the services are ineffective. Likewise, the ARP model discloses the positive link between passenger attitude and rail privatisation. The ACSI model explained in the literature review explained few service effectiveness related elements that lead to the customer satisfaction such as, perceived value, perceived quality and perceived expectation. The Swedish Customer Satisfaction Barometer model also discusses the similar view of ACSI. It can interpret that the effectiveness of services could be in the form of service quality, value and meeting the customer expectation.

In the current context, the ability of the London Overground to follow the punctuality increases the effectiveness of service and thereby the positive customer attitude towards privatisation. The efforts of London Overground emphasis the organisational values and at the same time, the efforts to meet the customer expectation are contributing to the positive attitude of the customers towards privatisation. Additionally, the customer satisfaction pyramid shows that the values, reliability, trust, timeliness, responsible nature, entertaining, enjoyable, and so on generate positive attitude among the customers and thereby the business of an organisation improve (Besednjak, 2010).

In the case of London Overground, the customer satisfaction pyramid is relevant, and the attempts of London Overground to provide effective services including the aspects of the pyramid are significant. Thus, while comparing these arguments with the findings, it can state that effectiveness of services of London Overground leads to create positive attitude among the customers regarding the privatisation of London Overground.

This section can be concluded as some elements that are affecting the customer satisfaction of London Overground. In addition to this, the attitude towards rail privatisation of London Overground is the results of five elements. regarding the elements of customer satisfaction, satisfaction with service, elements affecting satisfaction, satisfaction with ticketing, ticket pricing, on time services, customer service and station environment are prominent. By discussing these elements and by evaluating and comparing these elements with the literature reviews, it was found that these elements have a significant role in enhancing the customer satisfaction of London Overground. The elements that drive to the attitude towards rail privatisation are period of using London Overground, effectiveness of services of London Overground, opinion of outcomes rail privatisation, factors driving rail privatisation and Issues related to rail privatisation. By discussing these factors in the findings chapter, the researcher understood that the attitude towards rail privatisation is the outcome of these

factors. Moreover, the researcher compared these findings with the literature reviews that gave a theoretical basis for the findings. From these, it can be concluded that the researcher successfully met the second objective that was to evaluate the elements that affect the satisfaction of rail passengers.

#### **5.4 Discussion of the factors contributing to the privatisation of London Overground**

From the findings, the researcher understood various factors that contributed to the privatisation of London Overground. Generally, a few important factors that contribute to the privatisation that have been identified from the literature review discussion and those factors are discussed below.

From the survey, it was found that heavy capital expenditure is the major cause that turned the customers' attitude towards the privatisation, and this argument was supported around 34% respondents. The discussed literature is also supporting this finding. OECD (2013) reported that economic growth is an important factor that drives the countries to integrate privatisation (OECD, 2013). Gonzalez and Kemp (2016) and Ernico (2012) emphasised the cost-effective service is the significant factor that leads the customer to support privatisation. From these, it can interpret that before the privatisation there was a high capital expenditure, but the economic growth was low. Similarly, even though large capital invested in the railway industry, the costs for the services were high. Hence, it can say that with the intention of reducing the cost, around 34% of people supported the London Overground privatisation.

Kvint (2010) argued that the ability to access more revenue sources is a factor that usually backs the privatisation. In the findings, especially the Model named attitude towards rail privatisation (ARP) showcased that, the attitude towards rail privatisation is the outcome of the element namely factors driving rail privatisation. As part of this, the factors highlighted by OECD (2013), Gonzalez and Kemp (2016) and Kvint (2010) are relevant. Through this, the researcher understood that economic growth, reduced cost for services and large revenue outcomes were the three important factors that contributed to London Overground Privatisation. Here, the large capital expenditure aspect is important and can say that although the management of London Overground spent much capital before privatisation, the industry could not attain much revenue. Hence, the inability of the public sector to obtain large revenue could be a reason for the support of privatisation by 34% respondents.

From the survey, it was found that around 45% respondents agreed on the privatisation because of lack of effective service, and the arguments of a few authors are supporting this result. Ernico (2012) observes the ability of the private firms to complete the task within the limited period is highly encouraging the countries to think about privatisation. From the Customer Satisfaction (CS) model, it was found that on-time service leads to better customer satisfaction, and this finding can be linked with the argument of Ernico (2012). It can be interpreted that the ability to complete the tasks on time or with a limited period created a positive customer satisfaction, and this thought could be a reason for the support and adoption of Privatisation in London Overground. Transfer of risks to the private companies is another contributor to privatisation (Gonzalez and Kemp, 2016). This argument is also related to the 45% respondents' support for the privatisation because of lack of effective service. Bowman (2015) focuses on the requirements of the countries to increase the competition that drives towards the privatisation. It can say, the element called effectiveness of services of London Overground leads to the customer attitude towards privatisation. Thus, it can say that railway authority might have thought about the service effectiveness with the aim of increasing the competency of the business. Thus, it can deduce that the competency is important factor privatisation.

The lack of effective service factor can be equated with the argument of Hulsink (2012). Hulsink (2012) argued that the reduced expenditure for the railway services and other activities is the main cause for adopting privatisation by different countries. Hence, before the privatisation, there could be high expenditure for the survival of the railway sector. Thus, with the intention of reducing this expenditure, there was high support for privatisation in London Overground. Suetrong (2009), Nandan (2010) and Ademiluyi and Dina (2011) highlight the need to accomplish plenty of Foreign Direct Investment (FDI) is encouraging the countries to shift from public system to privatisation. As part of this, the operational risk and financial risk loyalty among the privatisation factors are significant. Around 4% of respondents agreed on this factor that leads to privatisation. It can say before the privatisation the London Overground was faced financial risk due to the need for high capital expenditure. This favoured the respondents to support the privatisation.

The 'Lack of effective service' can be regarded as a significant factor in the current research that led the respondents to reply to support the privatisation as the results of multinomial regression performed in the study support this view. As part of this, the arguments of Rezapour et al. (2014) was significant, and the author emphasised that the capability of

private firms to deliver quality service compared to the public owned firms is the significant intention behind the privatisation efforts of the companies. Hence, the public owned London Overground were not providing effective quality service that encourages the respondents to support privatisation.

Additionally, Molinos-Senante and Sala-Garrido (2015) observe, the private companies are equipped with the ability to provide the industry-specific standards, and that is the reason for the increasing attraction towards privatisation. Here, it can be said that the London Overground was not able to meet the industry-specific needs of the customers and the ability of privatisation to meet these needs encouraged the customers to support privatisation. The mismanagement in the public system is the significant cause for the increasing interest in the privatisation system. As part of this, one can see the resource management issues, and the financial issues in the government supported business because of the lack of interests and avoidance from the government officials. Here the lack of effective service factor can be linked with the privatisation as there was mismanagement in the public system of London Rail and because of this, the respondents supported privatisation. Rose and Palifka (2016) highlighted the ability of privatisation in reducing the corruption in the countries.

Operational risks and financial risk loyalty are another factor that led the respondents to support privatisation, and that includes 8%. Gonzalez and Kemp (2016) state, private sector firms have the flexibility to make the changes easily unlike the public companies, and as part of this, the recruitment and removal of employees from the job are easy, and hence, the flexibility factor is one of the reasons for enhancing the importance of privatisation among the nations. It can be said that the rigid nature of the management of London Overground overshadowed the flexible nature and that changed the perception of the respondents and began to support the privatisation.

Wanke and Barros (2015) stated that advanced skills, flexibility and service quality are the important rationale behind the privatisation of nations. Risk transfer, flexibility and cost reduction are importantly contributing to the privatisation efforts of the world nations (Wanke and Barros, 2015). These points were significant regarding the factor namely operational risks and financial risk loyalty. Before the privatisation, the flexibility, advanced skills and service quality were poor in London Overground.

Moreover, there were high risks, safety issues and high costs in the London Overground. These all led the respondents to give a positive response towards the privatisation of London

Overground. 34% of respondents supported the privatisation due to the high capital expenditure of railway functioning. Referring to Ademiluyi and Dina (2011), it can conclude that economic growth is an important reason behind the privatisation of London Overground. Hence, it can say that there was high capital needed for economic growth, and this led the respondents to think about privatisation that will reduce high capital expenditure and thereby economic growth. The arguments of Cowie (2009) can be deduced that the irresponsible functioning of public ownership carried the London Overground to serious financial crisis and that could be the main reason for incorporating the privatisation system. Wills (2016) argues, there were few neglected stations in the London Overground, and from this, it can interpret that the continuous neglect may be the reason for the British Government to shift the policy towards privatisation. These arguments are linked with the 45% response of lack of effective service that led to support the privatisation.

Some country specific factors affected the decision of the British Government to implement privatisation in the country. As part of this, Tolley and Turton (2014) mentioned the factors such as, the reliability of the train services, the safety of the passengers, better customer service, punctuality, political control, investment, reasonable fare, standard timetable and high profitability are encouraged the British Government to privatise the London Overground. Regarding the customer service, Forsberg (2016) observed that with the expectation of increasing the revenue and thereby the economic growth leads the government to integrate the privatisation in the London Overground. From the survey, it was found that lack of efficient service including the customer service led the respondents to support privatisation. Concerning the fares and timetable, the ideas of Woodburn (2015) can be deduced that regulation is necessary for the elements and components of timetable for stimulating the interests of the passenger and for this, privatisation is major tactic. The customers might have thought that fares and timetable were not efficient and that are not meeting the requirements of the customers. This can be seen in the survey results as 45 % of people were supporting privatisation due to the inefficiency of services offered by public services.

Likewise, Tolley and Turton (2014) highlighted the unregulated train fares, and from this, it can interpret that the unregulated fare may drove the British Government to head towards privatisation of London Overground. Regarding the safety factor, the arguments of Kuipers et al. (2014) can interpret that, enhancing the safety of the passengers during the journey is one

of the factors that contributed to support the privatisation. Operational risk and financial risk loyalty can be interpreted with the safety factor in the London Overground privatisation.

From the observation of Woodburn (2015), acquiring the investment is one of the important aims of the British Government by privatising the London Overground. This argument can be interpreted that a large inflow of Foreign Direct Investment to a country cannot be expected if the railway industry of a country is functioned by the public authority. On the contrary, if the railway industry is handled by the private companies, the chance for investment will be high. The survey shows that the lack of efficiency led the respondents to support privatisation. It can be deduced that inefficiency of railway services could have reduced the inflow of Foreign Direct Investment in London Overground. This could be the reason for supporting privatisation.

Thus, the authority of London Overground aimed to increase the Foreign Direct Investment, and this forced the British authority to implement the privatisation of London Overground. Earning high profitability is related to investment factor and earning high profitability was another factor that led to the privatisation of London Overground. Based on this, the privatisation attracts a large amount of Foreign Direct Investment that eventually contributed to the economic well-being of the nation. Because of the inefficiency of the services, the profitability of the London Overground might have affected, and that was the reason for encouraging the privatisation of London Overground.

Political control, reliability and punctuality were the other factors that contributed to the privatisation of London Overground. As part of the political control, the arguments of Turton (2014) can be interpreted that the political control may affect the efficiency of railway service and that was experienced by the London Overground. Thus, it can be considered that the inefficiency because of the political control is a factor that encouraged to incorporate privatisation in London Overground. Similarly, reliability and punctuality of the rail services is another factor that led to the privatisation of London Overground, and regarding this, the punctuality and reliability of the London Overground were poor before the privatisation, and after the privatisation, its functions began to improve.

With the survey findings, political control, reliability and punctuality can be evaluated especially with the service inefficiency. Before the privatisation, there was high political control over the London Overground that led to the concentration of management power in the hands of few which affected the economic development. This is one of the major reasons

for respondents to support privatisation. Reliability can be included in the inefficiency factor, and the respondents supported privatisation due to the unreliable nature of the British Railways. Likewise, the punctuality issues were also inefficient. This also led the respondents supports for London Overground Privatisation.

### **5.5 Discussion of the impact of privatisation on satisfaction levels of passengers of London Overground**

Through the survey, it was found that the people who used the railway for transportation were quite a few in numbers. This was mainly because of the cheap rates of the tickets. The privatisation of various sections of society is allowed by the government primarily for saving the funds for other purposes. The maintenance of the entire railway structure of Britain puts quite a stress upon the revenue stream of the government. During the analysis of the passengers, it was seen that a standard deviation of 1.05 was available, considering people who used the services of London Overground. It can be clearly understood from the response that about 85% of people used the railway service for more than three years. This is mainly because the privatised firms can provide the provisions for the passengers, which the government with its shortage of funds and lack of proper execution of the tasks cannot (Nandan, 2010).

From the survey, it was found that the effectiveness of the various services offered by London Overground had only about a significant effect upon the satisfaction of the passengers. It was found that about 36% of the whole population considered the London Overground to be highly effective and 48% of the people saw the idea to be effective. This was justified through the literature survey that due to the high frequency of the people who used the railway transportation facility, it is understood that people had already gotten used to it; hence people are okay with it. Thus, through the survey, when asked about which service the people were more satisfied with, either public or private, passenger's response was tilting towards the private initiative (Sun and Kim, 2013). Almost 83% of people responded to be happy with the private transition of the railway. It was supported through the literature study the services and facilities provided was never less than what was provided by the public sector, only better; hence people being satisfied with the same is only understandable.

When asked about the factors which affected the satisfaction levels of the customers, most of the passengers replied that the appropriate services and excellent customer experience along with cost-effectiveness of the program were found to be the primary reasons. These factors



had a total of 86% effectiveness. Of these, the timeliness of the service provided was seen to be the primary reason for customer satisfaction. It was found through the literature survey that the whole railway section was divided into various parts and each section was provided to multiple companies.

This was seen to help the companies to produce a significant output due to the division of the whole railway aspect of the British (TFL, 2018). This division of the entire railway industry also supported the companies to concentrate upon the customer satisfaction. The primary aim of the privatisation of the whole of British railway network was to incorporate new technologies and private companies into the old lines to connect all section of the country and to be made manageable under the leadership of various companies (Frumin, 2010).

Considering the case of issues affecting the comfort of passengers two factors were found to be the primary reasons. Of these two, the main factor was the late arrival of the trains. The delayed arrival of trains was important enough to create almost 51% of the participants of the survey to reply so. Even though the late arrival of the trains has affected the daily life of the passengers, it was also found that they were alright with it. The reason for this was they got used to the late timing of the trains and have adjusted their life according to the same. One of the main reasons for the delayed trains was found to be due to the congestion created in the railway network during peak hours, preventing the trails to reach the destination in time (Sanders et al., 2011). Another primary reason which affected the customer satisfaction was the high crime rates occurring in the railway premises. These crime rates against the passengers have changed the passengers, through refraining them to travel late at nights or in fewer peak hours (Frumin et al., 2013). Even though these hours affected the passengers through reducing the comfort, as stated before, the people were accustomed to this kind of life, and hence they overlooked these factors and continued to use the railway network.

Since the railway sector of the society was privatised, the primary aim of the companies which have taken various sections of the railway sector would be to increase the profit from the task they complete. Through the division of the railway sector and providing it to multiple companies, these companies offer their maximum service, but most of the services will be profit oriented (Frumin, 2010). When compared to the public sector, the prioritisation of the customer satisfaction would be less. Through the survey, it was found that the profit-oriented business strategies exhibited by the companies created about 19% of the opinion. Drawing on insights from the literature review, it was found that the principal objective of this initiative

was to make the railway industry more profitable as it was before. Hence the companies such as Transport for London which took care of the various sections of the British Railways adopted various methods to extract more revenue from the passengers, through the provision of additional services. But overlooking these services, the ticket cost for travelling through the railway is an affordable sum for most of the people. This is one of the primary reasons for people to opt for the railway travel.

Through the study, it was found that the opinion about the customer service provided by the London Overground peaked at “very good” option. This says that the customers or the passengers are very pleased with the customer service provided. When checked with the literature survey, it was understood that through the privatisation of the railway, many companies took care of various aspects of the British railways. Hence through these sections, they introduced ways to increase the profit they could make through increased customer or passenger care.

Through the privatisation, another upgrade which the British railways received is through the upliftment in the infrastructure. Through the survey, this can be clearly understood with the passenger response to be concentrated on very good when asked about the station environment (TFL, 2018). People are comfortable with the services and provisions provided by the companies. The companies also introduced new technologies for upgrading the British railway system; hence all these methods introduced positively affected the customer satisfaction. This result is also backed up through the literature study stating the condition of the rail services to various sections of the country, before and after the privatisation of the British rail network.

Through the survey when the passengers were asked to rate various aspects provided through the privatisation of the British railways, it was also understood that the pricing of the tickets and the ticketing service offered by the companies were also to the comfort of the passengers. Considering the pricing of the tickets the rating provided by the passengers seemed to oscillate between good and very good. The ticketing service is included within the aspect of the infrastructure of the railway industry (Ademiluyi and Dina, 2011). Through the literature survey, it was understood that the infrastructure aspect of the railway was taken by the company Railtrack. Similarly, the ticket fare was also of a nominal rate which was affordable to the ordinary people hence prompting them to opt for the railway while they travel.

## 5.6 Discussion on results of hypothesis testing

In this section, the various testing done upon the hypotheses proposed within the study of the research context is discussed to understand multiple aspects of the research. The several assumptions within the context of the study are based on whether the privatisation of the British railways has had any significant impact on the customers or travellers. One of the main hypotheses of the research is that the privatisation of London Overground has made a positive effect on the passenger satisfaction levels (Parker, 2013). The opinion of the people about the privatisation was significantly varied, but if a summarisation of the views were made, those who opposed the idea of privatisation of the railway sector were astonished to see the results. The satisfaction of the passengers was impacted positively.

One of the main reasons for the government to give out various projects to the private sector was due to the need of saving the funds for various other aspects of the nation. Hence the decision for the privatisation of the London Overground was partially based upon this factor. Instead of passing the whole railway sector into the hands of a single company, it was divided into various areas and were allotted to companies. Some of the multiple sectors include rail infrastructure, passenger trains, track maintenance and freight trains (Kvint, 2010). The operations of these sections of the entire British railway were given to various companies; some sectors were also sub-divided to be shared among more than one company. Similar is the case of the track maintenance section which was divided among over 13 companies (Robert, 2017; Ibanga, 2012; Önis, 2011).

One of the significant reasons for its success in the privatisation of the British railways is its motive to unite the old infrastructure of the British railways along with the new systems and create a central system to circulate through all over London. Even though the privatisation process took a lot of time for getting implemented after the implementation process, all the struggle was found to be fruitful. Since customer satisfaction is the sole aim of most of the private organisations for increasing their brand reach and increasing the customer loyalty aspect of publicity to gain the customers (Bowman, 2015). Hence all the companies to which the British railway section was divided and served, provided their best thus increasing the quality of the specific sector they dealt with. Even though the individual aspects of various people differ according to their opinions and perspectives of the element, an overall understanding of the customer satisfaction can be understood through the increased usage of the specific sources or products served by companies.

Since most member of the public and tourist used the train transportation (Ibanga, 2012), the price of the tickets issued by the organisation to the travellers is a significant aspect which was considered. This is because finding the case of private organisations; the pricing reflected the service charges for their services and products. Since the private companies provided all the best facilities, the potential for the price to take a hike was significantly high, but through the division of the entire sector, the cost was reduced considerably.

Considering the case of passengers, one other factor which seemed to affect the customer satisfaction aspect of the customers is the sudden disruption of services, incidents of train collisions and so on. Through the introduction of the private companies for dealing with any point of the work, one thing which can be guaranteed is that they always try to provide a non-disrupted set of services to attain maximum profit. Similar is the case of the privatisation of the entire British railways (Cowie, 2009). Through the privatisation of the London Overground, the companies involved strive to provide the most non-disrupted service for the passengers. Even considering the case of train accidents, through the introduction of modern technologies to monitor the entire railway network, the aspect of train accidents to occur has almost been left to be history. Almost most of the accidents occurring must be shortened to the element of deliberate attacks.

The second hypothesis upon the complete privatisation of the British railways has a positive impact of upon the punctuality of the train service. Considering the case of this hypothesis, through the privatisation of the London Overground no significant changes were found in the promptness of the train services. But considering the case of the opinion of passengers, they were found to be okay with it (Sun and Kim, 2013). One of the main reasons found for this was the quality provided by the respective companies for the infrastructure and maintenance of the railway system. Considering this, the passengers were not found to be affected due to the trains being late. Hence considering the case of passenger satisfaction, the trains being late was not found to be a variable affecting the same.

The third hypothesis focuses upon the positive impact upon the customer service quality by the privatisation of the British railways. This hypothesis highlights the importance of customer service in the aspect of the customer satisfaction. The quality of customer service is also a significant factor connected with the type of the organisation which governs the railway section.

The maintenance of the customer service quality is a significant quality which can be provided by the private organisations. One of the reasons for this is that the aspect of customer satisfaction is one of the prioritised issues considering the case of private companies and organisations. The focus on the customer service helps the company to increase the reach of the company and the brand loyalty feature (Haaften, 2017). Hence it is through these aspects, the company makes an increased number of customers and therefore profit. The employee attitude is also another driving factor of the customer satisfaction. Through a better employee response from the staff, the customers feel a sense of comfort, which in turn tempts the customers to use the same service or product repeatedly. Considering the case of the privatisation of the London Overground, both the employee attitude and the customer service quality provided has sufficiently provided the support for the passenger satisfaction.

Considering these three hypotheses, the first and second hypotheses are mainly found in the aspect of the research. Through the research enough data are accumulated to support these two hypotheses.

## **5.7 Conclusion**

In this chapter, the findings and discussions were mainly depicted after analysing the research findings and the literature reviews. As part of this, three important research objectives were evaluated. The evaluated objectives were factors contributing to the privatisation of London Overground, elements affecting satisfaction levels among railway passengers and the impact of privatisation on satisfaction levels of passengers of London Overground. After assessing the first objective, the researcher understood that few factors were contributed to the privatisation of London Overground that consists, customer service, fares and timetable, safety, investment, profitability, efficiency, political control, punctuality and reliability. The study concluded these factors contributed the customers to support the privatisation of London Overground.

By assessing the second objective, the study demonstrated that elements such as the need for operational efficiency, lower cost and service improvement led to the privatisation of London Overground, and the important elements among them were, timely services, good customer experiences, cost-effective services, high reliability and so on. It was found that the inefficiency of these elements prior to the privatisation highly contributed to the customers' support for the privatisation. While evaluating the third research objective, the researcher

understood that there are some considerable impacts after the privatisation of London Overground and the important impacts are related to the ticket price, infrastructure and customer service. As part of the privatisation, the customer began to enjoy medium price tickets rather than the high or low prices. Likewise, the London Overground obtained quality infrastructure as part of the privatisation. Which saw London Overground customers began to enjoy better customer service.

## **CHAPTER 6: CONCLUSION AND IMPLICATIONS**

### **6.1 Introduction**

The main purpose of this study was to evaluate the effect of rail privatisation on passenger satisfaction levels by developing and testing a conceptual model. The model was developed based on existing perspectives in the literature and was tested with the help of data collected from internal and external customers of London Overground.

The fifth and last chapter of the study details conclusions emerging from the data analysis and discusses the implications of the results of the study. The chapter details the achievement of the 4 research objectives of the study and discusses the outcomes of the research hypothesis testing carried out in the study. The theoretical contributions and practical implications of the study are also discussed in detail in this chapter alongside the limitations of the current study. Lastly, the chapter also sheds light on the scope for future research in the chosen research area.

### **6.2 Theoretical Contributions**

The main theoretical contributions of the current study are discussed in this section of the research. The focus of the study in this regard was to review existing knowledge while also expanding on existing knowledge by offering additional information and insight into the research topic.

One of the main contributions of the current study is that it offers an extensive review of the existing literature on the outcomes of rail privatisation and develops a conceptual framework outlining the effect of rail privatisation on passenger satisfaction. The below section details the research findings in relation to the research objectives of the study using London Overground as a case study.

#### **Objective 1: To analyse the factors contributing to the privatisation of London Overground**

The first objective of this study was to analyse the factors that were driving the privatisation of London Overground. From the results of the study it is understood that privatisation is the outcome of the element “Opinion of outcomes Rail privatisation (ARP3)” which was defined in the measurement model proposed in the study. According to Friebel et al., (2010), the choice of privatisation methods across nations vary with respect to the context of the nation.

From this, it can be interpreted that, the people of various countries may have a various opinion regarding the privatisation, and it could in the form of negative or positive response. Likewise, the people of a country may look to the privatisation of another country and evaluate the consequences of the same. This may cause to the positive or negative opinion towards the privatisation of home country. From this, the element namely opinion of outcomes rail privatisation and thereby the privatisation can be evaluated and can say that privatisation is the outcome of this element in the London Overground. Apart from this, Tolley and Turton (2014) argue that few factors force the world countries to shift from public system to privatisation and the factors are fares and timetable, customer service, safety, profitability, investment, political control, efficiency, punctuality and reliability. In the case of Opinion of outcomes Rail privatisation, it may be added that countries strive to attain the factors that have mentioned by Tolley and Turton (2014), and the positive outcomes of these factors attract the customers. The people from other countries who attracted these factors of rail service may highly supportive for the rail privatisation in the home country. Hence, it can say that privatisation of London Overground is the outcome of element namely Opinion of outcomes Rail privatisation.

Another element that drives to improve the customer attitude is the Factors driving Rail privatisation. Gonzalez and Kemp (2016) contended that the privatisation might lead to the reduced cost of train travel and thus increase the customer satisfaction. Hagen and Halvorsen (2009) observed that attractive salary and effective operation are some of the outcomes of privatisation, and these determinants can be considered as the factors driving rail privatisation. According to Kvint (2010), the intention to attain a large amount of profit and thereby benefit to the economy of the countries is the major factor that forced the countries to implement privatisation. According to Bowman (2015), with the intention of improving the competitiveness of the products and services, the world countries integrate the privatisation concept in the national policy.

According to Mukherjee and Suetrong (2009), the need for attracting the Foreign Direct Investment (FDI) is the primary reason for shifting to the stage of privatisation. Here it can have argued that privatisation is the outcome of the element namely factors driving rail privatisation. The factors that lead to privatisation are but not limited to the need for Foreign Direct Investment, cost reduction, attractive salary, effective operation, large profit and to increase competitiveness in the market. From these arguments in chapter four and chapter



two, it can assure that the attitude towards rail privatisation is the outcome of the element namely the factors driving rail privatisation.

Finally, from the ARP model, it could comprehend that Attitude towards Rail privatisation is the outcome of Issues related to the Rail privatisation. TfL (2018) reported that there were some intentions behind the formation of Transport for London, and as part of it, there were many issues regarding the financial management and issues of network management in the British Railway. TfL (2018) also reported that there were issues concerning the inability of train footfall to cope with the train fluctuations, and this can be considered as one of the failures of the public railway system in England. Engel (2013) stated that some of the issues especially the financial problems and the mismanagement of rail networks by the public firms and individuals are the major reason behind the adoption privatisation. From these, it can be said that the attitude of the British Railway customers had changed due to the issues in the management of rail activities and the financial issues. This eventually changed the attitude of the people as to support the public supported railway services and shifted to think about supporting privatisation.

Gangwar and Raghuram (2017), contends that the decreasing of responsibility and accountability of the London Railway staff and the aim of utilising the rail wealth are the significant reason for privatisation of London Overground. Forsberg (2016), noted that the customer satisfaction of London Overground has improved after the better customer service; due to privatisation. For instance, in 2000 the Hatfield rail accident occurred in London, and that affected the customer satisfaction after a few months. Likewise, Evans (2010) detected that the structuring and financial issues were the major concerns of British Railways, and these caused the positive node for implementing privatisation of London Overground. After assessing the literature and the findings, it can see the important link between the final element namely issues related to rail privatisation and the Attitude towards Rail Privatisation (ARP). It can assume from the literature as, some of the issues in the public authority owned British Railways lead to the positive attitude towards the privatisation of London Overground. As part of this, the ineffective responsibility of the railway staff, bad accountability, the unused rail wealth, bad customer service, structuring issues and financial issues were the major issues that changed the attitude of the rail customers and to think about the privatisation of London Overground. Hence, it can be inferred that the issues in public owned rail service in London might have forced the customers to support rail privatisation.

## **Objective 2: To evaluate the elements affecting satisfaction levels among railway passengers**

The quality of the service identified in the study is the combination of many factors. The pricing of the tickets, ticketing facility and punctuality of the trains are major among them. According to Novas, Zondiros and Filios (2009), these are the main factors which influence the customer satisfaction. However, the results of the study were little contrary to the statement. The current study was able to show that the ticket pricing and the ticketing services greatly influenced the customer satisfaction of London Overground passengers. After the privatisation of the London Overground, the pricing of the tickets had been reduced. The reduction in the ticket pricing helped to boost the satisfaction of the customers. In addition, the new ticketing system introduced as part of the privatisation had enhanced the speed of the service.

The crowd faced in the ticketing counter which resulted in the long queues and delays were tackled after the privatisation of the London Overground. The controlling of the crowd in the ticket counter has boosted the speed of the ticketing services. Hence, from the study it has been observed that the speed and delivery of the ticketing service as contributing towards the customer satisfaction. The contradiction observed concerned the punctuality of London overground trains. The punctuality of the trains was not that much enhanced as part of the privatisation of the London Overground. In addition, the study has not found any meaningful relationship towards the punctuality and the satisfaction level of the customers.

The current study was able to portray the unchanged attitude and the views of the customers towards privatisation process. The survey conducted as part of the study showed that the passengers who were using the London Overground service for more than ten years do not have a negative attitude towards the privatisation process. The attitudes of the passengers were found to be unchanged even after the privatisation took place. A clear contradiction was observed in this case also. The opinions of the Flammini, Bologna and Vittorini (2011) in the literature review was opposite to the study findings. Thus, it has been identified that the passengers who are utilised the services have a positive attitude towards the privatisation and are satisfied with the privatisation process. Like that of the ticket pricing and the ticketing services the values and the service quality is identified to be contributing towards the customer satisfaction. The study has identified that the quality of the service includes both

internal and external. The quality of the services related to the internal factors or facilities are identified to be the waiting rooms, cafes, shops, cleanliness of the platforms, trains and the hassle-free ticketing. The cleanliness inside the trains is very important when it comes to the customer or passenger satisfaction. It includes the cleanliness of the washrooms, cleanliness of the berths and the seats. Furthermore, the availability of the comfortable seating, availability of convenient charging points for laptops and mobiles, convenient space for accommodating the bags and the luggage, properly functioning lights and fans, safe custody to the personal belongings and the support of the British Transport Police (BTP) or the personnel in charge during the time of the emergency and so on are found to be impacting or influencing the satisfaction of the passengers in the London Overground.

On the other hand, the external facilities which affect the quality of the service and thereby the customer satisfaction include the operational efficiency of the railway networks, parking facility and the modes of transport, just to mention but a few. In addition, the study identified the impact of the train collisions, rush inside the trains, unexpected cancellation of the trains as affecting the customer satisfaction.

According to Novas, Zondiros and Filios (2009), the socio-demographic factors highly influence customer satisfaction. The factors such as the age, gender and religions etc can create major implications on the customer satisfaction level. The results of the current study have further contributed towards strengthening this view. From the study, it has been revealed that the villagers are more utilising the rail services while compared to that of the urban inhabitants. Hence, the facilities inside the train and the services provided by the railway authority can further impact on the satisfaction level of the rural users in a different way than of the urban travellers. It proved that the satisfaction of the customers is highly dependent on the socio-demographic factors of the customers. In addition, the satisfaction level varies accordingly.

While considering the major issues which becomes a hindrance towards attaining customer satisfaction, several points have been noted. The study helped to realise that the profit-oriented approaches of the railway authority in the London Overground are seriously restricting the customer satisfaction. Clark (2011) had been noted that the transportation and the related services when becoming profit oriented and this would reduce the satisfaction of the customers. A similar thing was observed from the study as well. Another critical issue which is reducing the customer or the passenger satisfaction in the London Overground is the

crime rate and begging on the trains. Passengers feel uncomfortable when been approached by beggars on the and around the stations.

According to Lithia et al., (2012), the London Overground is noted for the crimes taking place in the area. The high crime rates present on London Overground train services is preventing the authority from attaining the positive customer attitude towards the service. In addition, the high crime rates found to be reducing the confidence of the passengers to use the services of the London Overground. The late arrival of the trains is another major issue faced by the travellers of the London Overground. Hence, from the overall study, it has been evident that the privatisation of the London Overground has resulted in the increase of the safety and performance issues. In addition, the satisfaction of the customers is found to be correlated with the quality of the services. Moreover, the customers who were having a positive attitude towards the privatisation were found to be having high satisfaction whereas the customers who had a negative attitude is found to be unchanged after the privatisation. The lack of proper communication from the railway authority might be the major reason behind the unchanged attitude.

### **Research Objective 3: To assess the impact of privatisation on satisfaction levels of passengers of London Overground**

From the current research, it has been revealed that the London Overground privatisation has made a crucial contribution towards enhancing the satisfaction of the passengers. The study was able to portray that the privatisation of the London Overground increased the customer satisfaction of commuters by 33.1% which included the sample who had a positive attitude towards the privatisation. The study has shown the perceived satisfaction level of the passengers both those who had a positive and negative attitude towards the privatisation. The passenger or the customer satisfaction had only shown an increase among those who had a positive attitude towards the privatisation. However, the privatisation of the London Overground was not able to make any change among the customers who already had a negative attitude towards the privatisation process.

The current study was not able to identify the effectiveness of the rail privatisation in the London. However, the study was able to investigate the matter of customer satisfaction in the privatisation. Furthermore, the study was able to present the differences in the satisfaction levels of the customers and the staff of London Overground. The staff of the London Overground had a more positive attitude towards the privatisation process compared to that

of the customers of who had a positive outlook. The satisfaction level was further in accordance with the attitude. Thus, the staff that were having a more positive attitude towards the privatisation have portrayed high satisfaction level than the customers with a lesser positive attitude towards the privatisation. Hence, the study was able to strengthen the view that the attitude of the individuals highly influences the satisfaction level.

As noted by Hermann and Flecker (2013) it has been recognised that the quality of the service is influencing the satisfaction level of the customers. Thus, the current study has identified the customer satisfaction through analysing the perceived quality of the service in London Overground. In fact, the study has utilised the ACSI index for the analysis. The American Customer Satisfaction Index in short known as the ACSI is the best model to analyse the cause and effect of the customer satisfaction (Sun and Kim, 2013). In the current context, the study was aiming to analyse the influence of the cause aspect which is the perceived quality on the effect's aspect or the customer satisfaction. With the utilisation of the ACSI model, it was ensured that the perceived quality of the service is influencing or contributing towards the customer satisfaction. Hence, the effectiveness of the index was also able to show through the study.

### **6.3 Practical Implications**

The current study has been aimed at evaluating the effect of rail privatisation of the London Overground on passenger satisfaction levels. From the overall findings of the study, it has been identified that the railway privatisation of the London Overground has helped in enhancing the satisfaction level of the customers or the passengers who had a positive attitude towards the privatisation. However, the study has revealed many issues such as the high crime rate, lack of the proper parking facilities, delay of the trains and the profit-oriented approaches as reducing the satisfaction rate of the customers. Furthermore, the study has shown that privatisation has helped in reducing the price of the tickets as well as improved the efficiency of the ticketing service. The reduced rush or crowd in the ticketing areas show significant improvements attained in the London Overground as part of the privatisation. However, the authority is not able to properly communicate the improvements such as the increase in number of travellers and decrease in crime rate which are achieved in the railway services as part of the privatisation. The lack of proper communication has been found to be reflecting on the unchanged attitude of the passengers who had a negative attitude towards

the privatisation. The railway management or the authority can efficiently tackle the identified problems in the London Overground.

As mentioned above the delay of the trains is a major issue faced by the passenger in the London Overground. To tackle the train delay issue, the management can adopt several options. Increasing the number of trains is one of the viable options for improving the service. According to Corman et al., (2011), the delay of the trains primarily occurs as a result of a lack of the proper number of trains. In addition, the failure of the trains in functioning properly further contributes towards the train delays. Easton (2009) has noted that the inappropriate handling of the railway networks paves the way for unwanted delays in the railway services. Thus, in the current case of the London Overground, the management can take actions to increase the number of trains. Another practical option for overcoming the train delays is by frequently checking the trains. The frequent checking will ensure the management to identify the system failures and resolve it quickly as possible. The railway authority or the management can assign a special team for checking the train systems and thereby to identify the major system issues. The authority can take necessary steps for improving the effective handling of the railway networks. Hence, it will improve the timely arrival of the trains.

According to Quercia (2013), the crimes happening in the public transport and the related areas such as the stations are a very serious issue in the recent period. Even though the authorities around the world are taking the necessary steps in reducing the crimes, it is not found to be effective in many cases. Similar thing is observed in the case of London Overground as well. The crimes reporting in the London Overground is increasing day by day. The government has been taken various measures in controlling the crimes in the trains as well as on the platforms and the stations. However, the measures were not able to show a significant impact on the issue. The studies conducted on the crimes in the London Overground has revealed shocking figures. It has been found that the major crimes reporting in the London Overground include the serious public order offences, theft of the passengers' belongings, robbery, sexual offences and verbal abuses. Each of the mentioned crimes has shown a hike during the recent years. The major increase is found in the sexual offences in the London Overground. In addition, it has been identified that the crimes are majorly taking place during the peak times in the mornings and evenings. Hence, the railway management or the authority should take necessary steps in controlling the crimes. The railway authority can

assign a greater number of British Transport Police during the peak hours in the railway station.

In addition, it is better for the authority to keep some guards inside the trains for preventing the crimes or reducing the chances for the crimes. The implementation of the strict laws and punishment for the criminals will help to create a fear among both the criminals and others. It will thus help to reduce the criminal mentality of the accused as well as enable in preventing other people from indulging into crime. The railway authority cannot be able to implement the laws and the punishments. However, by considering the seriousness of the issue the government can take serious measures and actions towards the issue. By taking these measures the railway authority will be able to reduce the number of crimes which is happening in the London Overground.

As noted by Mejia-Dorantes and Lucas (2014) the lack of parking facility near the London Overground is another issue faced by the passengers and which is further reflecting on the reduced customer satisfaction. As mentioned in the above section, the lack of proper parking facility falls under the external factors. Even though it is an external factor it plays a crucial role in relation to the customer satisfaction. The railway authority in collaboration with the government can make improvements in the parking lot. The railway authority with the support of the government can build multi storeyed vehicle parking buildings near the railway stations for solving the parking space issues. According to Gehl (2011) building multi-storeyed buildings will help in accommodating many vehicles in a minimum space. Hence, it enables in reducing the space consumption for the vehicle parking. The railway authority and the government together can decide the number of storeys for each parking buildings near the railway stations in accordance to the rush identified in each area. In addition, the authority should keep proper number of entrances into the parking buildings for reducing the delays in the parking. Moreover, the authority can charge a minimum amount from the passengers for utilising the space for parking. This will further help in enhancing the facility and thereby attaining the money invested on building the parking facility.

From the study it has been identified that the railway authority has significantly failed to communicate with the passengers regarding the changes implemented after the privatisation of the London Overground and the major improvements made in the railway services. Hence, to enhance the communication with the passengers and to change the negative attitude of the passengers to positive and thereby to the increased customer satisfaction, the authority can

make use of the Public relation services. The railway authority can enhance the public relation by marketing the improvements and achievements made as part of the privatisation through the print and social medias. Mangold and Faulds (2009) has noted that the social media are the best platform in the present days for posting advertisements or marketing the products or services of an organisation. The social media ads make it easy for the organisations for communicating with the potential customers.

In addition, the print media is convenient for the older people. Hence, railway authority or the management can use both social medias and print medias for effectively communicating with the passengers. The advertisements pointing the major improvements will help the authority in influencing the minds of the passengers. It will help the authority to change the negative attitude of the customers towards the privatisation and the services provided in the railway station. Another option for the railway authority to enhance the communication is by using the electronic screens in the railway platforms. The authority can use the graphical representations on the electronic screens in the railway platforms for pinpointing the before aftereffects of the privatisation. These practical implications will assist in both tackling the issues and enhancing the satisfaction level of the customers.

#### **6.4 Research Limitations**

The limitation of the study is those features of methodology or design that influenced or impacted the explanations of the outcomes from the research. Furthermore, in the current study, the researcher has identified the following limitations.

The main limitations of the study were time constraint, due to inflexible university policy on completion of thesis and extension of program for international students. The research survey was conducted in 10 stations in the overground network, which is a good representation of the population. More stations would have been surveyed if the researcher have more time available.

Another limitation the researcher encountered in the current project was that the selection of smaller size for conducting the study on the impact of privatisation on passenger satisfaction levels in London Overground due to the strict time limit of the University for submitting thesis. Hence conducting the survey on a short sample like 150 passengers and 50 staff of London railways for determining the passenger satisfaction after the British railway privatisation. 200 persons surveyed was a good representation of the population, but more persons would have been surveyed if time permits.



Moreover, another constraint faced by the researcher was the shortage of already existing studies based on the privatisation of British railways and passenger satisfaction which posed a challenge to the researcher in collecting further secondary knowledge about the research issue. Furthermore, the questions regarding the impact of privatisation on passenger satisfaction levels in London Overground are always consistent before directing them to the subjects. Therefore, the study is compelled to make questions that are general enough to accommodate the general population. Though, these broad questions may not be as suitable for all the participants as they should be. Questions in surveys are always standardised before administering them to the subjects.

The study is therefore forced to create questions that are general enough to accommodate the general population. However, these broad questions may not be as appropriate for all the participants as they should be.

### **6.5 Practical implications for London Overground**

Practical implication recommended in the current research study was majorly dependent on the empirical and theoretical findings necessitating a holistic and detail approach. When sometimes it is complicated and impossible for management to handle the entire task at one time because of limited resources related to privatisation of railways on the passenger satisfaction particularly in a developed country like UK. Even though the relative significances of individual abilities were discussed, the future research study is essential to discover the model further to decide if there is an optimal level of abilities. From the current study, the practical implications that derived are thereby somewhat tentative or limited. The researcher has conducted the study confined to London Overground alone for examining the relationship between privatisation and satisfaction levels of passengers of London mass transportation system which has resulted in lowering the broader extent of the study. The study acknowledges the requirements for detailed research to aid further understanding of these effects. Notwithstanding these limitations, the research design offers a suitable way to infer practical implications for how to design and provide strategies for motivating the desired outcome behaviours that have been discovered in this study.

## **6.6 Research Audience**

The following are research audience who can benefit from this research:

- London overground management including directors and managers.
- Researchers and academics.
- Those who have keen interest in Rail privatisation.

## **6.7 Scope for Future Research**

The limitation of the study is those features of methodology or design that influenced or impacted the explanations of the outcomes from the research. Research limitation are the restrictions on generalizability, application to practice and effectiveness of results that are the outcomes of the ways in which researcher primarily select to design the study or the technique utilized to accomplish external and internal validity or the outcome of unexpected opponents that developed during the study (Hair et al., 2014).

Another constrain faced by the researcher while conducting the current study was that in the practical implication. Practical implications are significances or outcomes implied or related when with putting a development or plan into actual-life practice and they should always be measured in the decision tree, and they do not always have to be negative, but they are simply implied outcomes (Sigala 2016). Practical implication recommended in the current research study was majorly depending on the empirical and theoretical findings necessitating a holistic and detail approach. Even though the relative significances of individual abilities discoursed, the future research study is essential to discover the model further to decide if there is an optimal level of abilities. Anyhow for the current study, the practical implications that derived are thereby somewhat tentative or limited. The study acknowledges the requirements for detail research to aid further our comprehending of these effects. Further research could be conducted on this, which could involve more participants and more overground stations to be surveyed.

## **6.8 Conclusion**

Through this study, the researcher has discussed the effects of the privatisation British railways on the passenger satisfaction. It was clear from the previous sections of the report that London Overground privatisation had a significant impact on satisfaction levels of the passengers. It was recognised from the data analysis results the perceived effectiveness of rail privatisation has the solid connection with the satisfaction of the passengers after the rail

privatisation. The researcher has carried out the survey method for obtaining the quantitative data regarding the effect of privatisation of British railway. The survey was conducted among the 50 staff and 150 passengers of London railways by distributing the survey questionnaires' to them. It was identified from the survey strategy that London railways passengers who have been adopting the services of London Overground over ten years do not hold any negative opinion towards the privatisation of London Overground. Besides, through directing the survey with passengers of London, the researcher highlighted more identifies the variations happened in the passenger's attitudes when London Overground got clasped by privatisation. The researcher has identified from the survey response collected from the staff, after the privatisation of the rail the satisfaction of the staff towards the London Overground improved.

Moreover, to analyse the satisfaction of the staff towards the London Overground the study used the multinomial logistic regression model. In addition to that, the researcher has revealed that the staff who found the services of London Overground as effective hold greater satisfaction levels with the services. Besides the staff or customer's attitudes hold a prominent role in determining their satisfaction levels towards the London Overground.

The satisfaction level of the passenger with ticking and ticket pricing was very high in London Overground and this result can be linked to the Jupe and Funnell (2017) findings that the privatization of the British railways led to a decline in rail fares and enhancements in service quality of railways facilities generally associated to reduction in overcrowding, punctuality and overall improvement in safety of railway. Through the study the does not corroborate the positive effect of privatisation of rail on train safety and time. Besides, it does not provide evidence concerning the developments in service quality and pricing of the ticket in London Overground in the aftermath of the privatisation of the rail.

Likewise, the regression analysis conducted in the research study reveals that the passengers who have a positive outlook towards the privatisation of the rail were 33.1% more likely to be satisfied with London Overground after the privatisation of the rail than passengers who have a negative outlook towards the privatisation of the rail. Besides the researcher has adopted the ACSI model to analyse the customer satisfaction is achievable through the analysis of the perceived service quality. The ACSI model is a cause and effect model with the perceived quality, customer's expectations and perceived value driving the satisfaction of customers. Through adopting these perspectives, it can be observed that the existing study

has prospered in analysing the association between privatisation of rail and satisfaction of the London Overground passengers.

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## APPENDIX 1

### SURVEY QUESTIONNAIRES-

#### TO DETERMINE THE EFFECT OF PRIVATISATION OF BRITISH RAILWAYS ON THE SATISFACTION LEVELS OF PASSENGERS: CASE STUDY OF LONDON OVERGROUND

Dear participants,

Please inform me on your opinion about the effect of privatization of British railways on the satisfaction levels of passengers. This survey is designed to gain understanding regarding the influence of privatization of British railway on the satisfaction levels of passengers; using the London Overground.

The survey will not take longer than 10 minutes. Please tick (✓) the appropriate option.

- |  |  |
|--|--|
| <b>1. How long have you been using the services provided by London Overground?</b>   | <b>2. How effective are the services offered by London Overground?</b>   |
| <ul style="list-style-type: none"><li>• 1-3 year <input type="checkbox"/></li><li>• 4-6 years <input type="checkbox"/></li><li>• 7-10 years <input type="checkbox"/></li><li>• More than 10 years <input type="checkbox"/></li></ul> | <ul style="list-style-type: none"><li>• Highly effective <input type="checkbox"/></li><li>• Effective <input type="checkbox"/></li><li>• Moderate <input type="checkbox"/></li><li>• Not at all effective <input type="checkbox"/></li></ul>   |
| <b>3. Do you think privatisation of London Overground was an effective step adopted by the government?</b>   | <b>4. What is your opinion on the major factors that contributed towards the privatisation of London Overground?</b>   |
| <ul style="list-style-type: none"><li>• Yes <input type="checkbox"/></li><li>• Neutral <input type="checkbox"/></li><li>• No <input type="checkbox"/></li></ul>  | <ul style="list-style-type: none"><li>• Heavy capital expenditure <input type="checkbox"/></li><li>• Lack of effective services <input type="checkbox"/></li><li>• Decline in customer loyalty <input type="checkbox"/></li><li>• Operational and financial risks loyalty <input type="checkbox"/></li><li>• Others <input type="checkbox"/></li></ul> |



**5. How satisfied are you with the services offered by the privatised railway services of London Overground compares to the public services?**

- Very satisfied
- Somewhat satisfied
- Neither satisfied nor dissatisfied
- Somewhat dissatisfied
- Very dissatisfied

**6. From your viewpoint, what are the main elements affecting satisfaction levels among railway passengers?**

- Timely services & good customer experiences
- Cost effective
- Technological upliftments
- High reliability
- Others

**7. What are the major issues faced by the customers due to the privatisation of London Overground?**

- Delayed and late arrival of trains
- High crime rate
- Profit oriented business strategies
- Poor customer complaints
- Others

**8. In your opinion, which other areas needs improvement for enhancing satisfaction levels of passengers of London Overground?**

.....

.....

.....

.....

**9. Rate the following services offered by London Overground for improving the satisfaction of the customers (Ratings 1-5 where 1= Excellent, 2= very good, 3= good, 4= satisfactory and 5= not at all effective)**

Services	1	2	3	4	5
Ticketing					
Ticket pricing					
On time services					
Customer services					
Station Environment					

This survey was conducted as a part of an academic research study. Completed questionnaires will be collected by me and the information collected from you will be used only for academic purposes.

**APPENDIX 2**

**RESULTS OF QUANTITATIVE ANALYSIS**

**Correlation between years of using London Overground and customer satisfaction**

<b>Correlations</b>			
		How long have you been using the services provided by London Overground?	How satisfied are you with the services offered by the privatized railway services of London Overground compared to the public services?
How long have you been using the services provided by London Overground?	Pearson Correlation	1	.185*
	Sig. (2-tailed)		.023
	N	150	150
How satisfied are you with the services offered by the privatized railway services of London Overground compared to the public services?	Pearson Correlation	.185*	1
	Sig. (2-tailed)	.023	
	N	150	150
*. Correlation is significant at the 0.05 level (2-tailed).			

**APPENDIX 3**

**Correlation between years of using London Overground and passenger attitude towards privatisation**

<b>Correlations</b>			
		Do you think privatization of London Overground was an effective step adopted by the government?	How long have you been using the services provided by London Overground?
Do you think privatization of London Overground was an effective step adopted by the government?	Pearson Correlation	1	-.044
	Sig. (2-tailed)		.595
	N	150	150
How long have you been using the services provided by London Overground?	Pearson Correlation	-.044	1
	Sig. (2-tailed)	.595	
	N	150	150

**APPENDIX 4**

**Correlation between satisfaction with ticketing and overall customer satisfaction**

<b>Correlations</b>			
		How satisfied are you with the services offered by the privatized railway services of London Overground compared to the public services?	Rate services offered by London Overground for improving satisfaction of the customers? ticketing
How satisfied are you with the services offered by the privatized railway services of London Overground compared to the public services?	Pearson Correlation	1	.214**
	Sig. (2-tailed)		.008
	N	150	150
Rate services offered by London	Pearson Correlation	.214**	1

Overground for improving satisfaction of the customers? ticketing	Sig. (2-tailed)	.008	
	N	150	150
**. Correlation is significant at the 0.01 level (2-tailed).			

**APPENDIX 5**

**Correlation between satisfaction with customer service and overall customer satisfaction**

<b>Correlations</b>			
		How satisfied are you with the services offered by the privatized railway services of London Overground compared to the public services?	Rate services offered by London Overground for improving satisfaction of the customer services
How satisfied are you with the services offered by the privatized railway services of London Overground compared to the public services?	Pearson Correlation	1	.174*
	Sig. (2-tailed)		.033
	N	150	150
Rate services offered by London	Pearson Correlation	.174*	1

Overground for improving satisfaction of the customers? customer services	Sig. (2-tailed)	.033	
	N	150	150
*. Correlation is significant at the 0.05 level (2-tailed).			



**APPENDIX 6**

**Passenger period of use of service of London Overground as a predictor of passenger satisfaction**

<b>Passenger Satisfaction</b>		<b>B</b>	<b>Sig</b>	<b>Exp(B)</b>
Very Satisfied	Intercept	1.946	.069	
	Length of using of LO=1	1.099	.458	3.000
	Length of using of LO=2	19.495	.000	292769561.024
	Length of using of LO=3	19.383	.000	261655293.048
	Length of using of LO=4	0 <sup>b</sup>	.	.
Somewhat satisfied	Intercept	2.197	.037	
	Length of using of LO=1	.894	.543	2.444
	Length of using of LO=2	19.366	.000	257410918.388
	Length of using of LO=3	19.383	.000	261655293.048
	Length of using of LO=4	0 <sup>b</sup>	.	.
Neither Satisfied nor dissatisfied	Intercept	.693	.571	
	Length of using of LO=1	1.253	.441	3.500
	Length of using of LO=2	19.222	.000	222759448.605
	Length of using of LO=3	19.383	.000	261655293.048
	Length of using of LO=4	0 <sup>b</sup>	.	.
Somewhat dissatisfied	Intercept	1.609	.142	
	Length of using of LO=1	-18.647	.997	7.975E-9
	Length of using of LO=2	17.389	.	3564151.0777
	Length of using of LO=3	17.773	.	5233.058.610
	Length of using of LO=4	0 <sup>b</sup>	.	.

**APPENDIX 7**

**Association between issues faced London Overground and overall customer satisfaction**

<b>Passenger Satisfaction</b>		<b>B</b>	<b>Sig</b>	<b>Exp(B)</b>
Very Satisfied	Intercept	17.213	.994	
	Issues in using of LO=1	-.241	1.000	.786
	Issues in using of LO=2	-.486	1.000	.615
	Issues in using of LO=3	- 15.016	.995	3.012E-7
	Issues in using of LO=4	- 15.603	.995	1.673E-7
	Issues in using of LO=5	0 <sup>c</sup>	.	.
Somewhat satisfied	Intercept	17.213	.994	
	Issues in using of LO=1	-.127	1.000	.881
	Issues in using of LO=2	.044	1.000	1.045
	Issues in using of LO=3	- 14.815	.995	3.681E-7
	Issues in using of LO=4	- 30.468	.991	5.861E-14
	Issues in using of LO=5	0 <sup>c</sup>	.	.
Neither Satisfied nor dissatisfied	Intercept	2.079	.999	
	Issues in using of LO=1	13.187	.997	533559.131
	Issues in using of LO=2	13.731	.997	918908.261
	Issues in using of LO=3	-.470	1.000	.625
	Issues in using of LO=4	-2.079	.999	.125
	Issues in using of LO=5	0 <sup>c</sup>	.	.

Somewhat dissatisfied	Intercept	1.386	.206	
	Issues in using of LO=1	12.782	.988	355706.086
	Issues in using of LO=2	.000	1.000	1.000
	Issues in using of LO=3	-1.386	.438	.250
	Issues in using of LO=4	.223	.	1.250
	Issues in using of LO=5		.	.

## APPENDIX 8

### Passenger attitude towards effectiveness of service of London Overground as a predictor of passenger satisfaction

Passenger Satisfaction		B	Sig	Exp(B)
Somewhat satisfied	Intercept	- 17.181	.000	
	Effectiveness of services of LO=1	16.984	.000	23782846.939
	Effectiveness of services of LO=2	17.496	.000	39676375.892
	Effectiveness of services of LO=3	18.280	.	86859093.168
	Effectiveness of services of LO=4	0 <sup>b</sup>	.	.
Nether Satisfied nor dissatisfied	Intercept	.000	1.000	
	Effectiveness of services of LO=1	-1.046	.198	.143
	Effectiveness of services of LO=2	-1.686	.260	.185
	Effectiveness of services of LO=3	1.099	.501	3.000
	Effectiveness of services of LO=4	0 <sup>b</sup>	.	.
Somewhat dissatisfied	Intercept	1.099	.341	
	Effectiveness of services of LO=1	- 17.652	.981	2.157E-8

	Effectiveness of services of LO=2	-3.296	.012	.037
	Effectiveness of services of LO=3	-1.099	.472	.333
	Effectiveness of services of LO=4	0 <sup>b</sup>	.	.
Very dissatisfied	Intercept	.693	.571	
	Effectiveness of services of LO=1	- 18.633	.990	8.090E-9
	Effectiveness of services of LO=2	- 18.295	.989	1.134E-8
	Effectiveness of services of LO=3	- 17.408	.995	2.754E-8
	Effectiveness of services of LO=4	0 <sup>b</sup>	.	.

**APPENDIX 9**

**Passenger attitude towards rail privatisation as a predictor of passenger satisfaction**

Do you think privatization of London Overground was an effective step adopted by the government?		<b>B</b>	<b>Sig</b>	<b>Exp(B)</b>
Neutral	Intercept	18.574	.000	
	Satisfaction with LO=1	- 20.400	.000	1.866E-9
	Satisfaction with LO=2	- 19.049	.000	5.335E-9
	Satisfaction with LO=3	- 17.187	.000	3.433E-8
	Satisfaction with LO=4	- 17.475	.000	2.575E-8
	Satisfaction with LO=5	0 <sup>b</sup>	.	.
No	Intercept	18.574	.000	
	Satisfaction with LO=1	- 21.709	.000	3.734E-10
	Satisfaction with LO=2	- 20.393	.000	1.392E-9
	Satisfaction with LO=3	- 17.475	.000	2.575E-8
	Satisfaction with LO=4	- 17.187	.	3.433E-8
	Satisfaction with LO=5	0 <sup>b</sup>	.	.

## APPENDIX 10

### Staff attitude towards rail privatisation as a predictor of staff satisfaction

Do you think privatization of London Overground was an effective step adopted by the government?		<b>B</b>	<b>Sig</b>	<b>Exp(B)</b>
Neutral	Intercept	15.214	.994	
	Satisfaction with LO=1	- 16.600	.993	6.175E-8
	Satisfaction with LO=2	- 16.549	.993	6.500E-8
	Satisfaction with LO=3	- 32.057	.995	1.196E-14
	Satisfaction with LO=4	2.162	1.000	8.687
	Satisfaction with LO=5	0 <sup>c</sup>	.	.
No	Intercept	15.214	.994	
	Satisfaction with LO=1	- 31.427	.989	2.247E-14
	Satisfaction with LO=2	- 16.772	.993	5.200E-8
	Satisfaction with LO=3	- 14.115	.994	7.410E-7
	Satisfaction with LO=4	- 16.600	.	6.475E-8
	Satisfaction with LO=5	0 <sup>c</sup>	.	.



## **APPENDIX II**

**Researcher at site of survey in Stratford station**





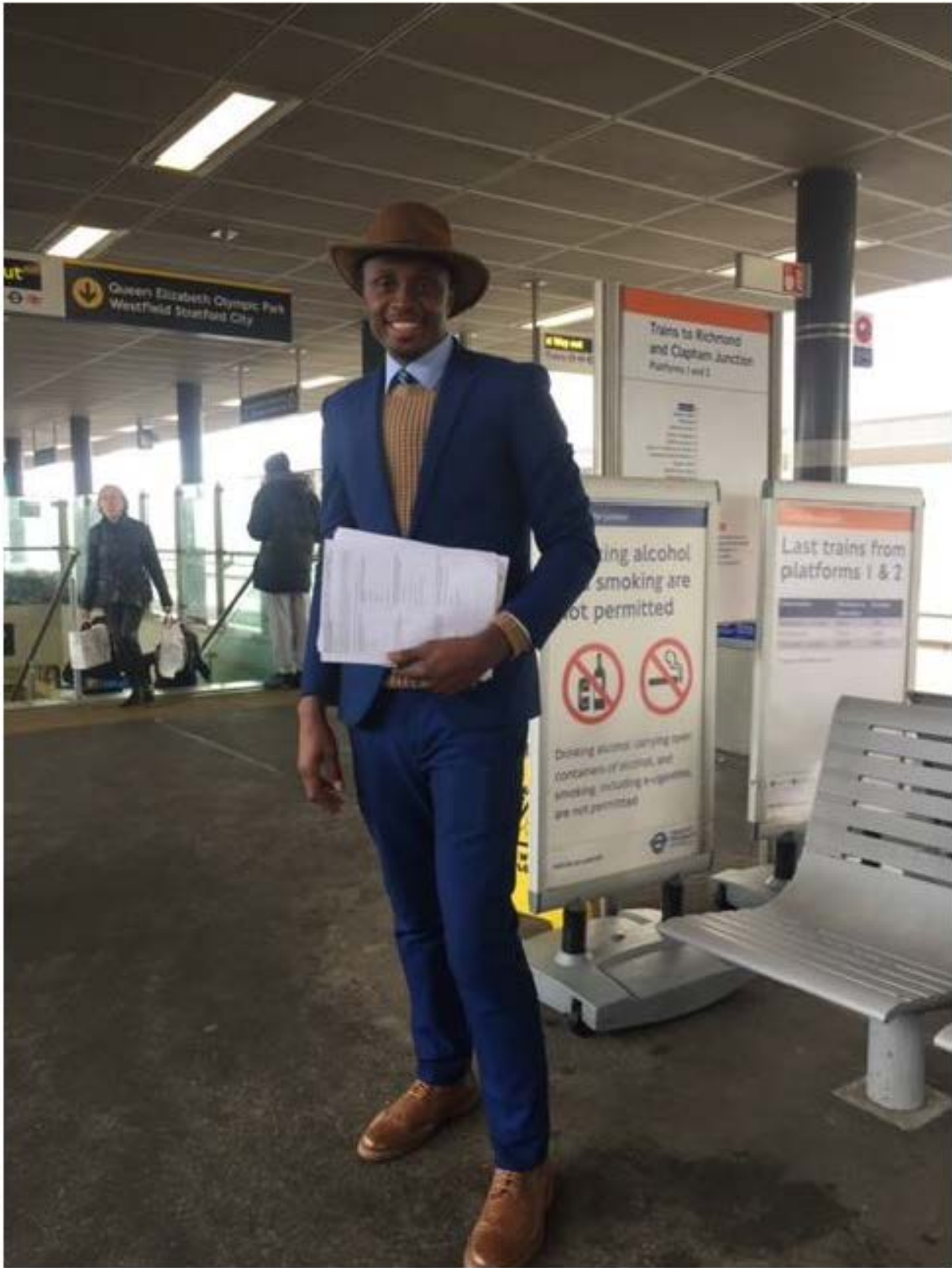
## APPENDIX 12

**Researcher handing out survey questionnaires to passengers at Willesden Junction station**



## APPENDIX 13

Researcher and survey passengers at Willesden Junction Station



## APPENDIX 14

**Researcher at Stratford (one of the survey site)**

