**THE COOPERATIVE UNIVERSITY OF KENYA**

**FACTORS THAT DETERMINE SATISFACTION OF CUSTOMERS (CASE STUDY OF EQUITY BANK)**

**A RESEARCH PROJECT PRESENTED BY**

**KEREN-HAPPUCH KATHURE**

**REG NO: BCMC01/2431/2019**

**A RESEARCH PROJECT PRESENTED TO THE COOPERATIVE UNIVERSITY EXAMINATION COUNCIL IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF A DEGREE IN BACHELOR IN COMMERCE**

**DECLARATION**

I declare that this research project is my original work and has not been presented for a degree by somebody else to any examination body for examination purpose.

Name of student: Keren-happuch kathure

Signature…………………………………………..Date……………………………….

The research project has been approved by my supervisor and submitted for examination purpose

Name of supervisor: ………………………………………………………………………..

Signature…………………………………………..Date……………………………….

**ACKNOWLEDGEMENTS**

First and foremost I give gratitude to the Almighty God for His Blessings, Protection and Guidance throughout my life. I could never have accomplished this without His Amazing Grace upon my Life. I also wish to thank my entire school of Business for the support and for instilling the knowledge in me to make this possible.

**DEDICATION**

I dedicate this project to my greatest inspiration in life, my grandmother Hellen Mbaata Getao for her moral support.

**ABSTRACT**

The purpose of this study was to identify the factors that determine satisfaction of customers of Equity Bank Kenya limited in Nairobi. This research study sought to answer the following question; what are the factors that determine customer satisfaction of Equity Bank Kenya Ltd in Nairobi. The study had one objective: to identify the factors that determine customer satisfaction at equity bank Kenya limited in Nairobi. The study used descriptive research design and primary data was collected using a structured questionnaire. The population of the study constituted all the customers of Equity Bank Kenya limited in Nairobi central business district. A sample of 60 customers was selected from the Equity Bank branches in Nairobi Central Business District. The study used both qualitative and quantitative approaches in data collection. Statistical Package of Social Sciences was then used to generate frequency tables, charts and figures. The study was based on the premise that determinant factors (perceived quality of services, customer expectations, image of the bank, trustworthiness of the organization and customer service relationship) influence customer satisfaction of Equity Bank customers. The study found out that

68.6% of customer’s satisfaction at equity bank customers can be explained by perceived quality of services, customer expectations, image of the Bank, and trustworthiness of the bank and customer service relationship. These factors have statistically positive effect on customer satisfaction and hence there is need for the banking management to work towards improving them. The study recommended that there is need for further studies to determine the other factors that account for the remaining 31.4% of customer satisfaction at Equity Bank Kenya Limited in Nairobi.

# CHAPTER ONE INTRODUCTION

## 1.0 Introduction

The chapter provides a foundation of the study. It provides and indicates what is contained in first chapter of the study and acts as the first outlines of the case under study.

**1.1background of the Study**

The Business Environment is characterized by intense changes arising from the various elements of the PEST frame work of factors; the technological social, economic, and social factors. These factors have a great bearing on the operations of the business firms’ success, profitability, and even their extinction. These changes and trends have exerted pressure on these organizations to remain competitive in terms of their service quality and delivery. Service quality is closely related to customer satisfaction and the success of the business organization. In these unfolding scenes of the business environment organizations have to reposition themselves towards the future with emphasis on customer focus. Customer satisfaction is the cornerstone of every service organization in pursuit of its vision and mission.

Re- examining the customer through research is a key parameter in effective services quality and delivery in the current organizations. It’s a critical measure of performance for firms, (Anderson et al 1994).Services uniqueness in characteristics necessitates use of frequent satisfaction surveys,if they have to remain better placed in the industry and maintain competitiveness. The Equity Bank’s Ltd is a member of banking industry in Kenya. The industry is characterized by intense competition among partners and other microfinance institutions. Innovative service delivery remains a key ingredient of success. Firms are devising new and unique methods of understanding retaining, and building inner long-term customer relationship with profitable customers. One of the key areas of customer centered marketing paradigm is ensuring that existing customers are satisfied; this has resulted in organization developing strategies to satisfy customers and achieve customers delight.

**1.2Research Problem**

Constant environmental damage has adversely affected the firms operations, the products, the customers, alike. In order to keep track of the changing scenario the organization has to undertake some change initiatives driven by the forces of change, changing customer needs and expectations. Business must reposition themselves for the competitive rivals who continue to dominate the business scene and reduce customer loyalty as well as increasing customer defections to the competition (Drucker, 2004). To sustain customer satisfaction and increase customer base a business has to respond positively to the change process, grasp the fundamental crisis factors, use them as opportunities to serve and understand the customer, implementation of plans need be effective and relevant.

Equity Bank has initiated drastic changes as a means of opening up room for improvement and competitiveness. The banks “paperless” approach to transaction, the long opening hours flexible loan products have made it to be visible and competitive in the market place. The banks unique products and services continue to attract new and potential customers; all these have contributed to increases in customer satisfaction and loyalty. Previous research undertakings have been taken in the field of customer satisfaction and loyalty. Muturi et al (2012) conducted a survey on factors affecting customer loyalty and satisfaction in the mobile industry, a case study of Safaricom (K), they found that price, service quality and well trained manpower service providers contributed immensely to the success string. Nyaosi (2012) conducted a survey on the application of relationship marketing in the beer industry in Kenya.

Her findings were notable the practice empowered customer and dealer loyalty; it also study also revealed that satisfied customers acted as good ambassadors for the firms products. Karanja Tanui (2007) conducted a survey of customer loyalty programmes applied to petrol stations in Nairobi. He found out that the main factors that contributed to loyalty were attractiveness and brand personality and perceived quality. This research will answer the following research questions; what are the factors that determine customer satisfaction of Equity Bank Kenya Limited?

**1.3Research Objective**

### **1.3.1 General Objective**

The objective of this study was to identify the factors that determine customer satisfaction in Equity Bank Kenya Limited.

### **1.3.2 Specific Objective**

1. To determine the effect of working conditions on employee performance in government parastatals in Kenya.
2. investigate how leadership affects customer satisfaction in equity bank of Kenya.
3. To establish the effect of training on customer satisfaction in Equity bank

## 1.4 Research Questions

1. How does an employee working condition affect customer satisfaction?
2. To what extent does training affect customer satisfaction?
3. How does employee compensation affect customer satisfaction?

## 1.5 Significance of the Study

### **1.5.1 Management of Equity bank Kenya limited ongata-rongai Branch**

The findings will benefit the Equity bank of Kenya ongata-rongai Branch. It will be expected to help this organization to get required information in relation to factors affecting customer satisfaction in the bank to enhance the organization effectively conducts its operations.

### **1.5.2. Other Government Parastatals**

The study findings will help in providing adequate information that will help other governmental parastatals that may be experiencing the same challenge of employee poor performance to develop best measures on how best to solve this problem of poor customer satisfaction.

### **1.5.3 Other Researchers**

The study will be beneficial to the present and future researchers as the study will be used as a reference material enabling researchers to carry out more research in this field and other related fields of research. The research study methodology and procedures may also be helpful to other researchers in assisting them to test or examine the findings derived in this research work

## 1.6 Scope of the Study

The study sought to determine factors affecting customer satisfaction in Equity banks of Kenya with reference to their ongata-rongai branch. The study target category comprised of the top-level management, middle level management and the operational staff employees of Equity bank of Kenya Ongata-rongai Branch.

## 1.7 Chapter Summary

This section outlines what is contained in chapter one. It contains the background of the study that outlines various contributions of various authors on factors affecting employee performance. It also contains the statement of the problem, objective of the study, the significance of the study and the geographical area, target population and the time scope the study will take to be complete