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DETERMINANTS OF SERVICE DELIVERY ON CUSTOMER SATISFACTION BY LOCAL AUTHORITIES IN CENTRAL PROVINCE, KENYA

BY

KIZITO WAMUNYU KIGUTA
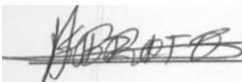
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DECLARATION

This is my original work and has not been presented in any other University or any institution of higher learning for any award.

Kizito Wamunyu Kiguta   *   Date

Reg No: L50/78354/2009

This Research Project Report has been submitted for examination with my approval as the University supervisor.

Dr. Florence Itegi   Date

Lecturer, Department of Educational Management

Policy and Curriculum Studies,

Kenyatta University

DEDICATION

This research project is dedicated to my father Mr. George K. Ng'ang'a, my mother Mrs. Teresia W. Kiguta, my brothers and sisters for their great support encouragement and enthusiasm all through my research work.

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ABBREVIATIONS AND ACRONYMS

LASDAP   Local Authority Service Delivery Action Plan

PDCA   Plan, Do, Check, Act

TQM   Total Quality Management

DMAIC   Define, Measure, Analyze, Improve and control

DMADV or DFSS   -   Define, Measure Analyze, Design and Verify

CTQS   Critical to quality

ISO   International Organization for Standardization

SPSS   Statistical Package of Social Sciences

ANOVA   Analysis of Variance

ABSTRACT

Customer satisfaction is paramount to public service delivery. This elucidates the need for the study's focus on the major factors which influence service delivery in local authorities and thus in extension customer satisfaction. Though customer satisfaction does not have a standardized measurement and while us it differs from a person to person as per the expectation of each one of them, the study operated on the assumption that there is a convergence of needs and wants of each of the local authority's residents or citizens which does not diversely vary in relation to social, cultural, religious, educational, gender and political inclinations. The main purpose of this study was how customer satisfaction in local authorities could be enhanced through focusing on various components of spending, local revenue collections and management operation practices. The objectives of the study were: to explore effects of local authorities total local revenue collections on customer satisfaction, to explore effect of implementation of community identified projects (LASDAP projects) in local authorities on customer satisfaction, to explore the effect of local authorities' regular operations on customer satisfaction and to explore the effect of management operations on customer satisfaction. The study applied descriptive survey design coupled with stratified random sampling where stratus encompassed County Councils, Municipal Councils, and Town Councils. Multiple-linear regression analysis together with conducting a null hypothesis test to ascertain the level and accuracy of the relationships were used in the study. Through inferential statistics all the four objectives were tested using t statistic at 95% confidence level whereby they were found to be having a significant effect on the dependent variable of customer satisfaction. Through the study it was established that the Total local revenue collection influenced customer satisfaction negatively thus a resultant decline in customer satisfaction. The implementation of community projects (LASDAP Projects) led to a resultant rise in customer satisfaction on local authorities it was also established that with rise in council regular operations, there was a resultant improvement on the levels of customer satisfaction. The management operations had a positive relationship on local authorities' customer satisfaction; this implied that with improved management operations, there was a resultant increment in customer satisfaction on local authorities this was interpreted to be as a result of intervention roles played by the management in all phases of capital projects implementation, in local revenue collections and more so in leading and controlling their day to day operations. The influence of each of the three independent variables and one intervening variable on local authority's customer satisfaction were found to be having an influence in the following descending order: the variable of management operations, variable explaining the local authority regular operations, variable explaining the effect of implementation of community identified projects (LASDAP projects) and eventually the variable explaining the total Locally collected revenue effect on customer satisfaction. The study recommendation that for Local authorities to satisfy their customers: the management efficiency and effectiveness is a paramount intervening variable to be consideration, this should be followed by optimal resource allocation in their order of effect towards local authority's customer satisfaction as discussed above since all the three independent variables and one intervening variable of management operations were tested statistically and found to have a significant effect at 95%confidence level on the dependent variable.

CHAPTER ONE

INTRODUCTION

1.1.   Background of the Study

Monopoly or oligopoly of services or products providers may affect the overall need of satisfying customers. This conforms to the fact that local authorities are government agencies bestowed with a primary role of serving their constituent residents with various services like health care, education, garbage collection among others without facing any competition from any other public entity (Wikipedia org, 2011); thus qualifying to be a monopoly provider of such services within their areas of jurisdiction.

To many, customer service is still seen as a "red herring". The diverse nature of local government operations means definition of customer satisfaction being different from person to person; with more than 700 individual services provided by councils across the United Kingdom (UK), a customer using a benefit related service will apply different criteria to the other. Generally world over Local government provide various goods and services with a slight variance from one country to the other. Most of the provided services which broadly cut across most of the world's local authorities include: Street lighting, maintenance of public parks, refuse collection, storm water drainage management and provision of public library facilities among others.

However broadly speaking customer satisfaction can be applied at two points; during the initial contact and based on the outcome of the context for example a person reporting their rubbish has not been collected will judge the service on how the bins get emptied.
Lack of knowledge about interrelatedness of one department with another department, method of operation, styles of negotiation and the execution of service delivery were found to be frequent causes of dissatisfaction (Norudin, 2010).

Customer satisfaction has become a key plank of the governments' reform on public service. The public sectors should meet the needs of citizens rather than the convenience of service providers. In deed it has become such an important part of the reform that in 2004 Clive Grace the former director general of the audit commission in Wales called it the new "holy grail" for local government. It is not just a matter of obligation since providing

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satisfactory customer service enhances efficiency since unsatisfied customers lead to complaints or repeated requests for services both of which are costly and time consuming (Abdullah, 2005).

The traditional notion was that the council residents were not customers but just someone paying council tax and who can hardly take their custom elsewhere. Many members of the public who had little contact with councils thought of themselves as residents and rate payers who just wanted services to run properly and not as customers. Increasingly Inland Revenue organizations among others like railway companies are referring to their users as customers; this obliges the local government to be no different (Abdullah 2005).

Paul cooper the director of communications at the institute of customer service in Malaysia welcomed the development by saying "people working on the front line think of the people they deal with as customers. It is not just semantics if you don't treat the public who use council services as someone who can walk and take their business elsewhere; you are never going to provide a good service." And that is the way it should be, people have paid for these services through their taxes and can exercise their voice through voting. They are customers and should get satisfaction" (Abdullah 2005).

The Republic of Kenya adopted the Result Based Management in the year 2004 through a cabinet memorandum as a new management approach in the public service; local authorities included. This approach was aimed at enhancing the efforts towards transforming the public service from process oriented to a result based management culture thus raising the service delivery levels and standards and ultimately customer satisfaction. In this approach, Performance contract is one of the four major components and it is set annually; just to mention, others include Rapid Results Initiative, Performance Appraisal System and Transformative Leadership. Customer satisfaction is one of the major performance indicators in the annually prepared Performance Contract for Local Authorities' where by all local authorities in the Republic of Kenya sign an annual performance contract with the Ministry of Local Government on pre-structured indicators where Customer satisfaction is one of the components. At the end of the year, each local authority is required to carry out an independent customer satisfaction survey to ascertain the level attained in the year: for survey to be valid, it must be conducted by an independent and accredited body licensed for such works. The customer satisfaction level is measured against pre-determined parameters which

are: speed of service and product provision, Quality of service or product provided, Accessibility of service or product provided, the affordability of services or product provided, courtesy involved during provision of services or products, information on services or products provided and adherence to the commitments set out in the service charter (Republic of Kenya 2011).

The standards are essential components to be adopted by local authorities in their quest to improve customer satisfaction (Poksinska etal, 2002). The roles of management in customer satisfaction are paramount owing to the fact that management organizes and coordinates all the factors of production of any given organization or entity. Management roles can mainly be determined through the laid down standards: like International Organization for Standardization (ISO) 9000 family of standards which relate to quality management systems and are specifically designed to help organizations ensure they meet the needs of customers and other stake holders. The local authority's level towards ISO certification is gaged in relation to the prerequisite steps to be covered before the certification. ISO certification level is a very important indicator in the local authority annual performance contract.

Recently local government embraced bottom-up management approach which is evident from the purview of project identification through local authority service delivery action plan (LASDAP) which is conducted annually. LASDAP involves calculation of financial resources realizable for capital development needs of its citizen's subsequent financial year, and then consultative meetings are conducted between local authorities and their citizens to get them listen to their views, identify priority needs affecting them and get a list of proposed projects to meet those needs. The numbers of meetings depend on the size and population of the local authority but there should be at least one consultative meeting per ward which should be as close as possible to local authority's residents working or living places. The meetings should be adequately pre advertised to local authority citizens. After the consultative meeting, the list of proposed projects on priority basis is tabled in the consensus meeting whose members include at least two representatives elected by each consultative meeting, civil society representatives of umbrella organizations, all councilors, representatives of other development actors like district development officer (DDO) and non-voting council's technical team (Republic of Kenya, 2009). Subsequently, the projects are budgeted for and finally fully implemented. The community's identified projects are

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developed by local authority concerned and joint monitoring done by the council officers and the community representatives. This enhances customer satisfaction on the concerned local authority in the long run.

1.2 Statement of the Problem

World over, customer satisfaction has evolved to be one of the most pursued value among large, medium and small sized institutions and more so among the elected leaders of governments and public institutions like local authorities. This has been aggravated by broad awareness among citizens in relation to their inherent rights and freedoms which was recorded to have originated from the general rise in literacy levels, freedom of the media and an exponential growth of information technology. Customer satisfaction is said to be the best indicator of high quality, customer focused, and efficient public service (Laura Williams, 2008). World over, high turnover of the top leadership in all sectors of the economy including heads of governments has been registered: this is also supported by the current affairs affecting the globe and especially in the "Arabic affiliated" nations like Yemen, Libya, Syria, Egypt and Tunisia where their presidents or government heads were ousted from power or faced civil unrest from citizens due to high level of public dissatisfaction (Daily Nation, 2011) This occurrences could be linked with low levels of citizen or customer satisfaction.

The evidence suggested that even if a service is good, if it does not live up to the user's expectations, he or she would report it not to be up to acceptable levels thus complaining about it (Abdullah, 2005). This is evident from the approach earlier adopted by most governments like the Kenya government before embracing the Result Based Management Approach where most decisions aiming at addressing citizen needs were emanating from the top leaders and policy makers and the top down management approach was exclusively used. This approach did not lead to customer satisfaction with the then leadership.

The high levels of complaints by citizen in relation to their local authorities' commission and omission was also based on the idea of the local government officers and the civic wing (Councilors) perception and believe that they were largely responsible and accountable to the state rather than the people they serve (Kuppusamy et al 2006) Hence the need of studying the determinants of service delivery on customer Satisfaction.

The study investigated determinants of service delivery on customer satisfaction by local authorities in central province, Kenya implementation of community identified projects (LASDAP projects), regular local authority operations on service delivery and management operations affected customer satisfaction of local authorities in central province.

1.3 Purpose of the Study

The main focus of the study was to establish determinants of service delivery on customer satisfaction by local authorities in central province, Kenya and explore their effect in order to come up with recommendations on how to balance them so as to attain the highest levels of customer satisfaction with the available local authority's resources.

1.4 Objectives of the Study

The study sought to achieve the following objectives.

(1)   To explore effect of local authorities total local revenue collections on customer satisfaction.
(2)   To explore effect of implementation of community identified projects (LASDAP projects) in local authorities on customer satisfaction.
(3)   To explore the effect of local authorities' regular operations on customer satisfaction.
(4)   To explore the effect of management operations on customer satisfaction.

1.5 Research Hypotheses

The study sought to test the following objectives.

Null Hypotheses

$H_0 1$: There is no significant effect of local authority's total local revenue collections on customer satisfaction.

$H_0 2$: There is no significant effect of implementation of community identified projects (LASDAP projects) on customer satisfaction.

Hq3: There is no significant effect of local authorities' regular operations on customer satisfaction.

$H_0 4$: There is no significant effect of management operations on customer satisfaction.

1.6 Significance of the Study

The study has established the effects of local authorities' different categories of service delivery on customer satisfaction which is the ultimate goal as per the main principles of total quality management which is 'customer orientation and satisfaction'. The categories were articulated by various expenditures and total revenue collections. The study established the main components of service delivery which local authorities and in extension devolved governments (countries) could incline towards so as to realize their very need of existence which is service delivery and ultimately customer satisfaction. The local government policy makers may find useful and reliable findings to base the local authorities' expenditure distribution policies based on each factor's propensity to fulfill the public institutions ultimate goal of customer satisfaction.

The envisaged county governments as per the recently promulgated republic of Kenya's new constitution may use the findings to distribute their ratio of expenditure appropriately. This owes to the fact that county government' roles as described in the republic of Kenya constitution fourth schedule part two converge with those currently provided by local authorities as stipulated in the local government ACT CAP 265. Thus counties can in essence be visualized as politically and legally "expanded local authorities". The donor community like the World Bank and European Union may find the study as an essential guideline in selecting which component of expenditure to fund in local authorities or the newly established devolved governments (counties).

1.7 Limitations of the Study

The study's inhibiting factors were expansiveness of the area of study, complexity and confidentiality of classified information included or implied in the data collected, variation in methods employed in customer satisfaction measurement and high level of variations in size and structure of revenue and spending trends between local authorities.

The limitations were mitigated by the use of information technology in data collection like emails, telephone calls, use of less classified information which is permissible for public

consumption, random sampling of local authorities which had employed relative closely related customer satisfaction indicators and making use of ratios of the independent variables which were: total local revenue collected against the total revenue and Various components of expenditure incurred on Capital projects and operations, against total expenditure of the sampled local authorities.

1.8 Delimitations of the Study

The study concentrated on the three independent variables which are: local authorities' total local revenue collection, implementation of community identified projects (LASDAP projects) in local authorities and regular operations together with one intervening variable of management operations. The dependent variable considered in the study was customer satisfaction. The study's population comprised of all the twenty four (24) local authorities in central province.

1.9 Basic Assumptions of the Study

The study assumptions were that the respondents, would provide factual and accurate data; the sample would be unbiased representative of the population and the customer satisfaction indicators and measurements would not vary significantly between local authorities sampled.

The respondents would avail the information required within the stipulated time frame.

1.10   Definitions of Significant Terms

Capital projects: Meant the community's selected projects through the Local
Authority Service Delivery Action Plan (LASDAP) process.

Citizen: encompassed any resident of a local authority's area of jurisdiction. The
term could be broader than a customer in the sense since residents
benefited from local authorities' services directly and indirectly
without necessarily contributing a fee or a charge for the same.

County Government: referred to the envisaged second level governments as per the
Republic of Kenya constitution which was promulgated on 27th
August 2010.

Customers: in this study meant individuals who used local authorities' services
directly which included piped water supply and sewerage services, garbage
collection, education services, street parking facilities, leased land among
others and for which they paid a fee or a charge for the same and all other
citizens in accordance with the citizens definition here in.

Customer satisfaction: implied the contentment levels of customers and citizens of a
local authority.

LASDAP: This is an acronym for Local Authority Service Delivery Action Plan. It
was a process operated by the republic of Kenya's local authorities
to establish the community needs and hence best projects to be
undertaken in accordance with their capacity. It was a method
meant to involve the public in governance through project
identification and its subsequent monitoring during
implementation stage. It was a bottom up management
methodology.

Local authorities: In this proposal the term is narrower since it referred to the 24
local authorities in central province which formed the study

population. The term included the three categories of local authorities in the central province which were: Town councils, Municipal councils and County councils.

Local Revenue: referred to yield of all local sources of revenue combined which included revenues from single business permits, land rates, and all other fees and   charges within a given financial year.

Operations expenditure: The term meant all recurrent expenditures of a local authority which included both operations and maintenance expenses in a given financial year.

Total expenditure: encompassed all forms of spending for local authorities which could take the form of recurrent expenditure, capital expenditure or donations for any given financial year.

Total Revenue: referred to the sum total revenue collected from local sources, central government sources and other donations in a given financial year.

1.11   Organization of the Study

The study was organized in to five chapters where chapter one includes background of the study, statement of the problem, purpose of the study, objectives of the study, research hypothesis, significance of the study, limitations of the study, delimitations of the study basic assumptions of the study and definitions of significant terms.

Chapter two involved literature review and it covers discussions and findings of various studies from global, regional and national levels together with description of the current situation. It includes both theoretical and conceptual framework of the study. Chapter three explains the research methodology. It contains discussions of research design used, the target population, sampling size and sample selection, research instruments, piloting of the study, data collection procedures, data validity, data reliability, data analysis techniques and operational definitions of variables. Chapter four is comprised of data analysis, presentation and interpretation while as chapter five contains the summary of findings, discussions, conclusions and recommendations.

CHAPTER TWO
LITERATURE REVIEW

2.1   Introduction

This chapter acts as an opener on the real matters facing citizens or customers of local authorities. Through reviewing works of researchers on the topic, the study gaps were established and thus the study aimed at filling most pertinent gaps. The study also discussed various determinants of service delivery on customer satisfaction for local authorities and their relationships with it. The chapter includes discussions for the theoretical and conceptual framework describing the major dependent, independent and moderating variables.

2.2   Local Authorities Structure

World over Local authorities are intrinsically 'local' by their very nature. They consist of council members who usually set policies and direction to be taken by the institution. The council members are councilors who are elected by residents who are registered and eligible to vote in their respective wards. Other members are nominated by their respective parties in relation to popularity of the party in question. The nominated seats are usually reserved to minority groups in order to represent the interests of these groups during council deliberations. The other group in the council is constituted of employees who are paid to implement decisions of the council.

Each council is different in size; while large councils employ hundreds and sometimes like in the case of City Council of Nairobi thousands of staff, rural councils have very few staff. Council members are usually elected in a democratic system to represent the public and set strategies and policy direction for the council. Elected members usually deliberate to ensure they make the best decisions for local communities. They discuss or should discuss local issues with their community and afterwards set policies and decide on action(s) to take. Paid staffs are usually constituted with technical staff that advises the elected members on their deliberations and the intricacies of their resolutions and they subsequently implement the policies and decisions of the council. While as staff receives salaries in their work, elected members are not paid a salary but they instead receive an allowance which helps them defray the cost of undertaking council duties.

In some countries like Australia, a ward may have one or more councilors who should pay particular attention to what happens in their area of representation. In councils which do not have wards, councilors are elected by the voters in the entire council area (Legal services commission of South Australia, 2011). In Kenya, all councils are divided into wards where by each is represented by a single councilor (Republic of Kenya, 1986).

2.3 Principles of Customer Satisfaction

Customer satisfaction has become a key plank of the government's reform of public services; modernizing government commits the public sector to meet the needs of citizens and not the convenience of service providers (White paper, 1999). Indeed it has become an important part of the reform and thus having ones been referred to as a new "holy grail" for local government (Clive Grace, 2004).

Providing good customer services is not just a matter of obligation but it also enhances efficiency. Since unsatisfied customers lead to complaints or repeated requests for services both of which are costly and time consuming. Customer satisfaction is the best indicator of high quality, customer focused and efficient public service. While ICT can support public services improvement, it is competent, attentive and helpful staffs who make all the difference to the service delivered (Laura Williams, 2008).

Approximately half of the world's current population lives in poverty, and more than 90% of these people live in developing countries with limited access to basic social and economic amenities (Spring, 2005). In this case it is the primary role of local authorities to provide and develop basic social amenities like preprimary and primary education, agricultural extension services, among others with an aim to alleviate poverty.

Inadequate collection of service charges in South Africa is mainly the cause of major financial problems in many municipalities. This is caused by widespread non payment. The other prevailing view is that of existence of an "entitlement culture" "Haki yetu" slogan in Kenya which means "our right". However huge variations in compliance exist both within poor communities and between communities with similar socio-economic characteristics. However it is argued that nonpayment is related not only on inability to pay and a culture of entitlement but also to citizens' perceptions on whether local government act in their interest.

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In particular three dimensions of trust may affect citizen's compliance which are; trust in the local government to use revenue to provide expected services, trust in local authorities to establish fair procedures for revenue collection and distribution of services and trust in other citizens to pay their share (Fjeldstad, 2004).

Poverty of many households in low paying areas makes them unable rather than unwilling to pay in particular. Inability to pay seems to be more acute in rural than in urban settings (CDS, 2001).

It is reasonable to assume that human behaviour in the area of whether to pay service charges or not is influenced by social interactions in as much the same way as other forms of behaviour. Compliance behaviour and attitude towards service charge system may be affected by the behaviour of an individual's reference group such as relatives, neighbours, friends and political associates (Hessing et al, 1988).

Customer satisfaction is a term which is in most cases regarded as a business term. It can be termed as a measure of how products and services supplied by an entity meet or surpass customer expectations. Customer satisfaction is defined as the number of customers or percentage of total customers whose reported experience with an entity, its products or services ratings exceeds specified satisfaction goals. It can be termed as a part of the four of the balanced scorecard in a competitive market place where businesses compete for customers. Customer satisfaction can also refer to utility which is derived by the customer upon consumption of services or products as attested by the independent opinion of the consumer (Government of Kenya, 2011).

Customer satisfaction is one of the major performance indicators in the annually prepared Performance Contract for Local Authorities' where by all local authorities in the Republic of Kenya sign an annual performance contract with the Ministry of Local Government on pre-structured indicators where Customer satisfaction is one of the components. Each local authority is required to carry out an independent customer satisfaction survey to ascertain the level attained during the year: this is usually conducted at the year-end. For survey to be valid, it must be conducted by an independent and accredited body licensed for such works. The customer satisfaction level is measured against pre-determined parameters which are: speed of service and product provision, Quality of services

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or products provided, Accessibility of services or products provided, the affordability of services or products provided, courtesy involved during provision of services or products, information on services or products provided and adherence to the commitments set out in the service charter (Government of Kenya, 2011).

2.3.1 Methods of Determining Customer Satisfaction.

There are several methods used to determine the level of customer satisfaction in local authorities which usually range from mass surveys, citizen panels, focus groups, questionnaires and mystery shoppers. Where by someone imitates a customer to test the service. There is no standard approach and thus some councils will just conduct one of the above while others use a combination (Andreassen, 1994).

In Kenya's local authorities, the following parameters form the common criteria for customer satisfaction which include: quality of service or product, Speed to which a service or a product is provided, accessibility and affordability of a product or a service, courtesy of providers of a service or a product, customers information on services or products and adherence to the commitments set out in the service charter.

Since public services are offered in a "monopolistic form of market", dissatisfied users cannot exit from the concerned public organizations relation without changing patronage. Apart from exiting the region, voicing their dissatisfaction in order to influence the value of services offered becomes a better alternative. Entities or organizations may be classified as customer oriented if they market differentiated products and services reflecting heterogeneous customer preferences however, customer satisfaction is influenced by expectations and perceived quality of the service. Degree of customer satisfaction and loyalty consequently becomes an indication of customer orientation. (Andreassan, 1994).

2.4 Revenue Sources for Local Authorities

World over, all public institutions must have a source of revenue for their efficient and effective operations. Kenya's major sources of local authorities' revenue are to a great extent alike since they are derived from the relevant Acts of Parliament like the Local Government Act CAP 265, the Rating Act CAP 267 and the Valuation for rating Act CAP 266. The major

sources of revenue in Kenya's local authorities' are; land rates, single business permit, central government transfers, several fees and charges, fines, grants, subsidies and loans.

2.4.1   Local Authorities Locally Collectable Revenues

A considerable fraction of council's income is derived from property taxes which are usually known as rates. In Kenya rates are charged against value of land within the local authority's area of jurisdiction where by certain percentage is attached to the defined value of land. In some countries there are some organizations, which are either not required to pay rates on their property at all or in other cases pay a significantly reduced amount of the same. Some of the organizations which fall under this category include state and federal governments, charitable organizations, churches, hospitals and schools (legal service commission of South Africa, 2010). However, in Kenya all organizations and institutions despite of their nature and affiliations are required to pay rates to their respective local authority (Parliament of Kenya, 1972). In Australia, before collecting rates, the council establishes exactly what service to be provided in the next financial year and estimates of the services costs. Then it formally adopts a budget and the amount of money that will be collected from other sources. The council then works out how much money it needs collected from the community in form of rates to balance its budget. The council discusses openly and the budget is availed to the public (Australian Legislature, 1999). In Kenya revenue is projected using previous year's revenue and then the budget is made in relation to the projected revenue without necessarily altering annual rates. However, they may be adjusted with time to finance a resultant deficit or an expanding council obligations and requirements. There is some degree of flexibility to allow councils to consider local issues. Thus one council's level of rates may be different to the other since those rates reflect different council's costs and services provided. For example some local authorities may be running a public park or a stadium while as others do not.

Single business permit is a license issued to registered businesses allowing them to operate in the council's area of jurisdiction. The government of Kenya through Ministry of Local Government introduced single business permit in year 2000 as a measure to simplify the processes of doing business. The single business permit replaced multiple local authority licenses and taxes on business with just a single permit which is simple to apply and collect and is not linked to other licenses requirements. The business permit can either be issued as

one but not both as defined in the legislation, thus it is a consolidated permit in respect of one or more business activities each of which would have required a separate permit (Government of Kenya, 1998). But despite the singularity of the business permit, all businesses are required to comply with all available regulations including those related to health, safety and public welfare conducted regularly by the central and local government offices (United Business Association, 2008). By establishment of the single business permit (SBP), local authority's customers were happy with the direction taken since it reduced a couple of licenses required from a single business and hence reducing confusion and eliminating double taxation. This lead to a reduction of public complaints and hence anticipated improvement in customer satisfaction towards a given local authority.

Councils world over receive money by charging a fee for some of its services. Local authority may charge to dump rubbish at their waste depot, swimming in the public pool or for the use of its recreation facilities. Council may also charge a fee for using their parking space among others. Basically in Kenya single business permit was used to encompass a couple of related fees and charges but it was separated from others to reduce the cost of doing business (Government of Kenya, 1998). Fines and interests are another sources of councils revenue, they are usually charged on locally collected revenue that is long overdue. Fines and interests are usually charged on the outstanding land rates, single business permits and on other unpaid fees and charges after they surpass their due date. (Alexandria Library, 2006).

2.4.2 Central Government Transfers as a Source of Local Authorities Revenue

Councils receive grants and subsidies from the state (Central Government) or federal governments. These grants and subsidies may be tied to specific programs or else may be available for general use (Alexandria Library, 2006). In Kenya this form of transfer is known as LATF (Local Authority Transfer Fund). In the Kenyan case, LATF (Local Authority Transfer Fund was established in 1999 through the LATF Act No. 8 of 1998 with multiple objectives of improving services delivery, reducing the outstanding debts and improving financial management of local authorities.

Local authority transfer fund (LATF) comprises 5% of National income from tax collection in a year. Currently, it constitutes approximately an average of 50% of local

authority revenue. Money from local authority transfer fund is combined with other local authority's revenues to implement local priorities.

Local authority transfer fund is usually divided into three components which usually comprise of service delivery account, performance account and higher performance account: The service delivery and performance accounts constitute 60% and 40% of the total local authority transfer fund (LATF) allocation respectively with an exclusion of higher Performance account. The higher performance account allocation is entirely dependent on local authority's' performance which is measured against their preset performance indicators. At least 65% of service delivery account allocation is required to be spent on capital projects under the local authority transfer fund (LATF) conditions (Government of Kenya, 1999).

2.4.3 Grants, Loans and Subsidies as a Source of Local Authorities Revenue

Councils may decide to provide a major service or facilities like new recreation facilities by borrowing funds from donors, state or financial institutions like banks. Except subsidies, councils are expected to pay back this money with the accrued interest. However, the advantage of using loan funds is that the project can be paid for over an extended period without affecting other services. Burden is also spread over a wide range of present and future users of those facilitates.

Grants on the other hand are expected to fund specific projects and require a specific level of compliance and reporting. They usually require an applicant to submit a proposal (or submission to a potential donor either on his own initiative or in response to a request for proposal from the funder. (Wikipedia, 2011)
Fines, grants, loans and subsidies are erratic and hard to predict and they usually constitute a small fraction of the entire councils revenue thus they are accounted for under miscellaneous revenue category.

2.5 Local Authority Service Delivery Action Plan (LASDAP)

Local Authority Service Delivery Action Plan is a community participatory planning process involving various stakeholder groups and citizens within the local authority's area of jurisdiction. These includes self-help groups, business organizations, residents associations

(including those informal settlements), religious groups, education and health institutions, professional organizations, Non-Governmental Organizations (NGOs) and individual residents. During the process, local authority provides leadership but the final product which is usually the community's proposed projects to be carried out (by the council) in the ensuing financial year is basically owned by local authorities citizens (Office of the Deputy Prime Minister and Ministry of Local Government, 2009).

The spirit of Local Authority Service Delivery Action Plan (LASDAP) is to be inclusive, issue based, poverty focused and result oriented (Office of the Deputy Prime Minister and Ministry of Local Government, 2009). Local Authority Service Delivery Action Plan (LASDAP) outlines various projects needed by the community and Local Authority Transfer Fund (LAFT) together with the local authority's locally collected revenues are used to finance their implementation or development.

Projects within the Local Authority Service Delivery Action Plan (LASDAP) scope includes: Rehabilitation, renovation, construction and extensions of existing public infrastructure such as schools, social halls, roads, water schemes, dispensaries, council buildings and street lighting. They may also include improving access of various services such as electricity, water and garbage disposal among others.
Local Authority Service Delivery Action Plan (LASDAP) process can be used to recommend support activities such as HIV/AIDS awareness and training, education on hygiene and sanitations, community organizations training, provision of school bursaries and feeding programs among other services. (Cifuentes, etal, 2007).

2.6   The Management and Its Roles

Management is an act of getting people together to accomplish desired goals and objectives using available organization's scarce resources efficiently and effectively, it is instrumental in council's service delivery and subsequently the customer satisfaction. The major managerial roles are usually organizing, planning, leading or directing, staffing and controlling an organization with a purpose of accomplishing a goal (Suganthi, 2004). Henry Mintzberg's ten managerial roles which are divided into three major categories of informational, interpersonal and decision making are essential in running of institution and organizations which include councils (Saye economy 2009).

Most of the applied modern approaches to management are aimed at enhancing customer satisfaction and most of them are in the realm of total quality management principals like the plan, do, check and act, the six sigma and the use of international standards like ISO certification (International organization for standardization.)

2.7 Approaches Available to Enhance Customer Satisfaction Levels

Some of the methods available in order to meet customer expectations borrow heavily from the tenets of total quality management. In this era of globalization, firms operating in a private sector have launched total quality management programs in an attempt to retain or regain competitiveness in order to achieve customer satisfaction in the face of increasing competition from around the world. Total quality management functions on the premise that the quality of products and processes is the responsibility of every one who is involved with creation or consumption of the products or services offered by an organization. Total quality management capitalizes on the involvement of management, workforce, suppliers and even customers in order to meet or exceed customer expectations. The nine common total quality management practices can be described as cross functional product design, process management, supplier quality management, customer involvement, information and feedback, committed leadership, strategic planning, cross functional training and employee involvement of which most are applicable in local authorities (Schroeder et al, 2001).

Total quality management is of great essence in the public sector since it is involved in perpetual quality improvement on both goods and services supplied. In this case, since the public sector has a monopoly to provide legally defined goods and services, total quality management is of great essence for the integration of management, work force, suppliers of materials and ultimate consumers; purposefully to enhance customer or citizen quality expectations and in extension their satisfaction.

Despite Plan-Do-Check-Act (PDCA) being an iterative four step problem solving process which is typically used in business process improvement, it can also be employed in the public sector and mostly in local authorities for solving and coming up with a service quality improvement cycle. The Deming wheel (PDCA) can be used to improve local authority services through: Plan stage which entails establishing the objectives and processes necessary to deliver results in accordance with the expected output which in this case implies

the quality levels of services. This differs from other techniques in that the completeness and accuracy of specification is also part of improvement. Do stages involve implementing new processes and methodologies established in the plan stage often in a small scale where possible. Check stage which involves measuring new processes and comparing their results against, the expected (results) to ascertain variances if any. In case of service provision, the stage entails conducting a customer satisfaction survey among other methods involved in measuring results of services in question. Act is the last stage which involves analysis of differences realized in the "check" stage in order to determine their cause. Each will either be part of either one or more of the P-D-C-A steps. The stage entails determining where to apply the changes that will bring improvement. If by implementing the above described steps do not result to the desired improvement, local authorities should refine the scope to which PDCA is applied until there is a plan that results to improvement (Wikipendia, 2011).

The six sigma process improvement was originated by Motorola's 1986 drive towards reducing defects by minimizing variation in processes through metrics measurement. If six sigma is applied in the public sector which includes local authorities, it can be of great assistance since local authorities provide various services which include infrastructural development like road construction, class room construction, building and urban development among others. Six sigma process is regarded to be a successful where 99.99966% of the products produced are statistically free of defects (3.4 defects per million). Achieving sustained quality improvement requires commitment from the entire organization particularly from the top level management. The six sigma projects follow two (project) methodologies inspired by the above discussed Deming's Plan-Do-Check-Act cycle which are composed of five phases each and bear the acronyms of DMAIC and DMADV (Douglas, 2009).

Define, Measure, Analyze, Improve and Control (DMAIC) process can be applied by local authorities in projects which are aimed at improving existing organizational processes. This can assist to improve their service provision especially those with low scores of customer or citizen satisfaction. DMAIC project methodology's five phases can be implemented by local authorities by specifically defining the problem, the needs of the customer and the project goals, and then measure key aspects of the current process and corrected data. The data should then be analyzed to investigate and verify cause and-effect relationships and to determine what the relationships are and attempt to ensure that all factors have been considered and seek out root cause of the defects under investigation. Improving or

optimizing the current process based on data analysis using techniques such as design of experiments, pokoyoke or mistake proofing and Standard work to create a new, future process and set up pilot runs to establish process capacity should follow. Finally, the future process to ensure that any deviations from the target are collected before they result in defect should be controlled. Control Systems such as statistical process control, production boards, and visual work places should be implemented and the process be continuously monitored.

When Local authorities aims at creating new product or process designs. The DMADV project methodology should be used; in the Define stage, goals should be designed and must be consistent with customer demands and organization's strategy, characteristics that are critical to quality (CTQS), product capabilities, production process capability and risks should be Measured and identified. Analysis should then be conducted to develop and design alternatives, a high-level design should be created and evaluation of design capability done to ensure the best is selected, then it should be optimized and design verification planned for; this phase may require simulations; then the design should be verified. Pilot runs should be set and the implementation of the production process done and then subsequently handed over to the process owners(s). (Douglas 2009).

2.8   ISO Certification (International Organization for Standardization)

ISO being the world's largest developer and publisher of international standards should be the leading agency used to standardize services provided by local authorities together with their management and operation processes and systems.

ISO 9000 family of standards relate to quality management systems and are designed to help organizations ensure they meet the needs of customers and other stakeholders. The standards are essentially important for adoption by local authorities in their quest to improve customer satisfaction (Poksinska et al, 2002). ISO 9000 deals with the fundamentals of quality management systems (Tsim etal, 2002) including the eight management principles (Beattie etal 1999) on which the family of standards is based.

Worldwide over a million organizations are independently certified making ISO 9001 one of the most widely used management tools in the world today. ISO certification ensures that organizations keep the standard stipulated since it is not a once and for all award but

must be renewed at regular intervals recommended by the certification body; usually around three years. There are no grades of competence within ISO 9001: either a company or Local Authority is certified (meaning that it is committed to the method and model of quality **management** described in the standard) or it is not. In this respect, it contrasts with **measurement** based quality **such** as the capability maturity model. (Wikipendia, 2011)

The quality principles in ISO 9000:2000 are sound according to wade and Barnes, who says that "ISO 9000 guidelines provide a comprehensive model for quality management systems that can make any company or entity competitive. Implementing ISO often encourages a more efficient and effective operation activities, increased customer retention due to their high level of satisfaction, reduced audits, enhanced marketing, improved employee motivation awareness and morale, enhanced international trade, increased profits, waste reduction and increased productivity.

A common criticism of ISO 9001 is the amount of money, time and paper work required for registration. According to Barnes, "Opponents claim that it is only for documentation but the proponents believe that if a company has documented its quality systems then most of the paper work has already been completed. ISO 9001 Opponents argue that it is not in any way an indication that products produced using the organization's certified systems are any good. A company can intend to produce a poor quality product and it does so consistently and with the proper documentation it can put an ISO 9001 stamp on it. According to Seddon, ISO 9001 promotes specification, control and procedures rather than understanding and improvement.

Wade argues that ISO 9000 is effective as a guideline, but promoting it as a standard "helps to mislead companies into thinking that certification means better quality. Undermining the need for an organization to set its own quality standards. Wade's argument is that reliance on the specification of ISO 9001 does not guarantee successful quality system (Antoni etal, 2002).

The activities which are carried out towards ISO certification belong to a great extent in the domain of managerial roles. The ISO certification activities includes but not limited to; top management briefing, training of process owners, getting a consultant on board, gap analysis and process determination, documentation, launching of documents for use,

conducting management reviews among other related activities. The level at which a local authority is towards ISO certification indicates commitment of the management on its roles and operations especially in this research.

2.9 Conceptual Frame Work

Conceptual framework for the Determinants of service delivery on customer satisfaction by local authorities in central province, Kenya.

a) Total locally collected revenue for financial year 2009/2010 $=$ X_i

b) Expenditure on community identified projects (LASDAP)
   Capital Projects Expenditure for financial year 2009/2010 $=$ X_2

c) Expenditure on Regular operation costs for financial year 2009/2010= X_3

d) ISO Certification levels as a measure of management activities $=$ X_4

'Y' Represents customer satisfaction.

$$Y = a + b_0 X_0 + b_i X_i + b_2 X_2 + b_3 X_3$$

Figure 1 Variable Relationship Diagram.

Independent   **Dependent**

Intervening
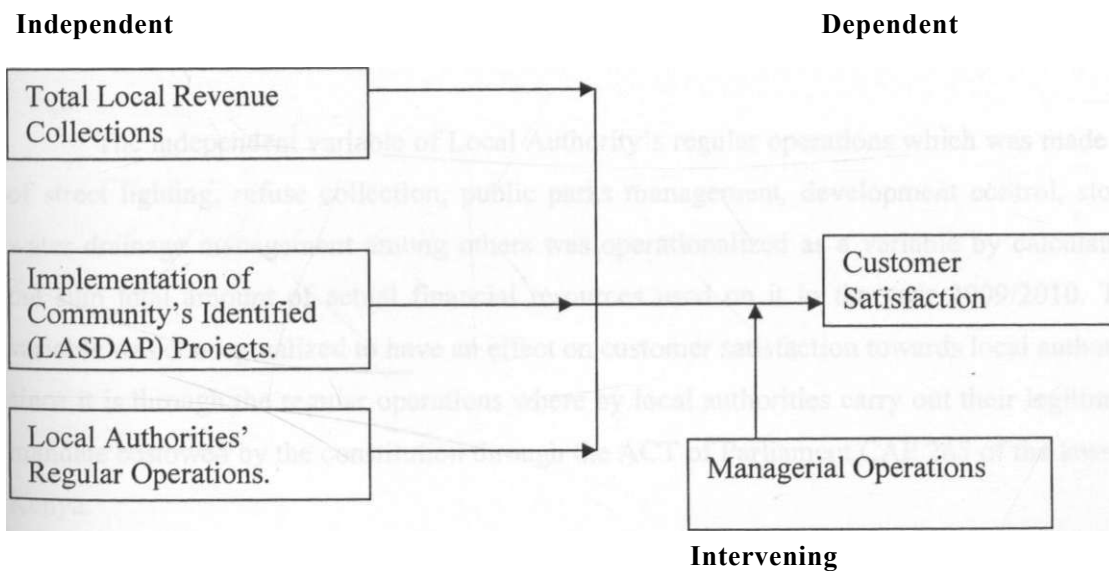
In this study, customer satisfaction was conceptualized as the dependent variable while as total local revenue collections, Implementation of community's identified projects

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through the Local Authority Service Delivery Action Plan (LASDAP) and local authorities regular operations were fathomed as independent variables. Management activities were considered to constitute an intervening variable since they were deduced to have a significant contributory or contingent effect on the relationship between the dependent and independent variables.

The total local revenue collected as an independent variable was operationalized through summing the values of collections from land rates, single business permits (SBP), Fees and charges, interests and penalties from defaulters and late payers of Land rates, single business permits and fees and charges together with other miscellaneous revenues which were locally collected in the year 2009/2010. This variable was conceptualized to affect customer satisfaction since they are directly collected from citizens and customers of the local authorities who were deemed to have a positive or a negative opinion on the revenues collected from them.

The independent variable of Implementation of community's identified (LASDAP) projects was operationalized through summing up the amount of actual funds spent on this kind of projects in the year of study (2009/2010). The variable was conceptualized to have an effect on customer satisfaction towards local authority since it was through the implementation of these projects in which local authorities addressed relevant needs of its citizen and customers.

The independent variable of Local Authority's regular operations which was made up of street lighting, refuse collection, public parks management, development control, storm water drainage management among others was operationalized as a variable by calculating the sum total amount of actual financial resources used on it in the year 2009/2010. The variable was conceptualized to have an effect on customer satisfaction towards local authority since it is through the regular operations where by local authorities carry out their legitimate mandate bestowed by the constitution through the ACT of Parliament CAP 265 of the laws of Kenya.

The management activities as an intervening variable was measured in terms of the level at which a given local authority was towards ISO certification since its (ISO certification) processes required absolute management's commitment towards improving the

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entire organization's service delivery practices. The variable was conceptualized as an intervening variable since management exercises were considered to be paramount in planning, organizing, coordinating, staffing, leading or directing and controlling all the factors of production.

2.10 Summary of Literature Review

In this chapter various literatures of customer satisfaction and for various factors which could have a significant effect on customer satisfaction from the global perspective to the regional and then the national levels have been discussed to elaborate on the need to study the concept of customer satisfaction, it's relevance to government institutions and most importantly to local authorities and to the public at large. Through the review it was established that customer satisfaction has become a key plank of the government's reforms for public services and modernizing governments to meet the needs of the public and not the convenience of service providers. The general structure and tasks for local authorities have been discussed together with the principles of customer satisfaction.

Various methods of determining customer satisfaction, various revenue sources for local authorities, and the management operations have also been reviewed in relation to customer satisfaction. From the review, it was established that customer satisfaction in local authorities is paramount but in most cases especially in developing countries it was found to be low hence the need to study the main determinants of service delivery and ultimately customer satisfaction.

CHAPTER THREE:
RESEARCH METHODOLOGY

3.1   Introduction

The chapter gives an elaborate research design, the target population, the sampling size and sample selection, research instruments used, piloting of the study, data collection procedures, data validity, data reliability, data analysis techniques and operational definition of variables.

3.2   Research Design

The study used descriptive cross sectional design where by relevant information was collected through conducting interviews with the senior management of the council. The design enabled the researcher to effectively and simultaneously work with the two major stratus of the population. Since the study sought to get and describe determinants of service delivery on customer satisfaction by local authorities in central province, Kenya, the design was ideal since it enabled the researcher to work with the only available cross sectional data since some of the variables involved like a dependent variable of customer satisfaction and an intervening variable of management activities were not formally measured by most local authorities constituting the study population until from the year 2007. The collected data was then analyzed, presented and subsequently interpreted (Mugenda, 2003).

The major purpose of using descriptive design in the study was to describe the state of affairs as it existed and to report the findings. The design resulted in the formulation of important principles of knowledge and suggestions on how local authorities' could improve customer satisfaction. Within the design, inferential statistics was used to generalize the results from samples to the population.

3.3 Target Population

The total subjects of the study in central province were the 24 local authorities. This was the entire population from which the samples were taken for analysis presentation and interpretation. In this research the respondents were local authorities' chief officers who

included the Town Clerks or County Clerks, Treasurers, Accountants and Engineers or Works Officers or their representatives. This depended on the question and its inclination towards a given department. Each local authority was considered to be one research individual, object or item. The entire population of local authorities in Central Province is as tabulated below:-

Table 3.1 Target Population

Category	Target Population	
Municipal and Town Councils	17	Recognized urban areas
County Councils	7	Established County Councils
Total population	24	

3.4 Sampling Size and Sample Selection

Since local authorities are unique entities because of their intrinsic regional variations which include their residents or citizens' culture, climatic conditions among other factors, stratified random sampling method was considered adequate for use in the study. The study considered local authorities to be made up of two major stratus which were the County Councils which are responsible to carry out local authorities mandate in all rural and semi urbanized areas below the threshold of being recognized as an urban areas. Municipal Councils (for large urban areas) and Town Councils (for medium and small urban areas) are responsible for carrying out local authorities mandate within an urbanized area. This ensured that the two above referred major subgroups of the population were represented by the sample in proportion to their numbers. Stratified random sampling technique was preferred since it limits bias and boosts precision in estimates characteristics of the whole population (Corchram, 1977).

Each stratum represented each category of a local authority as described above. The selection from each stratum was randomly done to constitute at least 30% of local authorities within the strata. Each local authority in a given stratum was assigned a unique number and

subsequently, the random numbers were generated using a compuster. A sample size of 30% of the population was sufficient for the study (Corchran, 1977).

The 30% threshold per each category is as tabulated below:

Table 3.2 Sample Size.

Categories	Total number of Local Authorities in Central Province	30% of the councils per each category	Rounded off to the nearest whole number.
Municipal and Town Councils	17	5.1	5
County Councils	7	2. 1	2
Total	24	7.2	7

3.5 Research Instruments

The interviews conducted were structured thus necessitating preparation of an interview guide. The list of questions asked were listed thus subjecting the sampled interviewees to the same set of questions thus enhancing reliability of gathered information, getting an in-depth information and at the same time saving on time. The data collected through this research instrument was quantifiable. To ensure that all questions were adequately responded to and that all ambiguities were cleared, the research was augmented with other forms of data collection like document analysis and unstructured observations; this guaranteed accuracy of the required figures.

3.6 Piloting of the Study

The pretest was done using draft research instrument and it was conducted in the same way as the main study. Pilot study aiming at establishing appropriateness of a research instrument. The pretest of the interview guide as the major research instrument applied in the study was done to ensure that the answers to the questions in it were readily available and adequate for research. The unavailable data and that which was perceived to be highly confidential by the respondents was replaced with more available and less classified data requirement but which could effectively serve the same study objectives. The participants of

the pilot test were selected from the population and were not interviewed in the main study to avoid pre exposure to research questions.

3.7   Data Collection Procedures

The procedure followed during data collection comprised of writing official letters to the Town Clerks or Clerks to Council who are the Chief Executive Officers of the Council requesting them for an authority to carry out a study on their institutions through conducting face to face interviews with each of them or their representatives and to involve their members of staff on the same where necessary, analyze council's documents and through observations. After authorization, I booked an appointment with the Town Clerks or Clerks to Councils and subsequently visited the council headquarters ready for research.

Relevant data was collected through a survey which was conducted on the sample size through structured interviews. Other methods employed in data collection include observation and document analysis. This involved subjecting every sampled local authority to the same impetus by using one interview guide for the respondents. This enhanced reliability of the information gathered since each sampled local authority was subjected to similar questions with others. The data collected using this method was quantifiable, comprehensive and systematic since questions were premeditated and formulated before the interview. Time was greatly saved and information collected from the respondents was complete, understandable and detailed. The interviews were in a structured form and they involved use of an interview guide as a research instrument. This availed an in depth information about the objectives of the study together with enhancing systematic research.

The interviewees included but not limited to the Town Clerks or County Clerks who are the Chief Executive Officers of the organizations or their representatives preferably from the administration department, Treasurers who are the Chief Finance Officers of local authorities or their representatives from treasury department and the Council Engineers or the Works Officers.

3.8   Data Validity

The accuracy and meaningfulness of inferences which were mainly based on research results were guaranteed by ensuring that the data collected reflected factual information on the ground in relation to the concerned variable through seeking clarification where necessary and by using simple language. To guarantee data validity, triangulation was applied by using different data collection methods which included observation, face to face interviews and document analysis.

3.9   Data Reliability

The reliability of collected data was ensured through minimizing two of the three types of random errors that arise at time of data collection which are errors due to inaccuracy of the instrument and the error due to inaccuracy of scoring by researcher.

The random error was minimized in the research process through conduction of a pilot study; this enhanced a degree to which a research instrument yielded consistent results or data after repeated trials (Mugenda, 2003) and subsequent revision of the research instruments (interview guide) by reframing the interview guide questions to make them more understandable. This was also achieved by conducting face to face interview.

3.10   Data Analysis Techniques

The quantitative data analysis was employed since the research involved measuring numerical values from which statistical description is made. The collected data is continuous since all the independent variables involved were measurable and were expressed on a continuous scale. The dependent variable whose values were derived from the conducted customer satisfaction surveys were correlated with the independent variables to establish the degree of relationship between dependent and independent variables.

In quantitative analysis, descriptive statistics was used. This helped to describe and summarize data and to assist by meaningfully describing distribution of values or measurement using a few indices or statistics.

The multivariate data analysis was employed where by relevant statistical soft-wares were used which include the spread sheet program and the statistical package of social sciences (SPSS). The dependent and independent variables exhibited a multi-linear relationship model (Kombo etal, 2006). The study involved research hypothesis analysis in testing the level of significance where by the confidence interval was predetermined at 90% and the 't' test statistic was used in its determination.

3.11   Operational Definition of Variables

The necessary procedures were identified and operations to measure a concept by looking at the behavioral dimensions, indicators, scale and exhibited properties adopted. The measures used are both objective and subjective.

Table 3.3 Operational Definition of Variables

	Objectives	Variables	Indicators	Measurement	Scale	Analysis
1.	-	Customer satisfaction (Dependent)	public complaints	Number of public complaints	Ordinal	Descriptive analysis
			newly established businesses	Number of newly established businesses	Ratio	Multiple regression analysis
2	Explore effect of total locally collected Revenue for Local Authorities to customer satisfaction.	Total locally collected revenue (Independent)	Abstract/registers for each locally collected revenue component,	Dairy collection abstract/registers from each locally collected revenue components	Ratio	Multiple regression analysis Correlation coefficient
			quarterly collected revenue reports	Monthly revenue collection abstracts or registers quarterly collected revenue reports.	Ratio	
3.	Explore effect of Local Authority Service	Local Authority Service Delivery action plan Total	capital project related invoices Local	Total monthly capital project related invoices. Capital	Interval Ratio	Multiple regression analysis

#	Objective	Variable	Indicator	Measurement	Scale	Analysis
	Delivery Action Plan (LASDAP) projects on customer satisfaction	Projects expenditure (Independent)	authority service delivery action plan for the year	project related monthly payments. Local authority service delivery action plan for the financial year in question.		Correlation coefficient
4	Explore the effect of Local authorities' regular operations on customer satisfaction.	Total operations expenditure (Independent)	Related operational Year Budget	Committed and expended budgetary amounts	Ratio	Multiple regression analysis
			maintenance payments	Total monthly operations and maintenance payments	Ratio	Correlation coefficient
			local authority expenditures	Total monthly local authority expenditure	Ratio	
5.	Explore the effect of the management operations in customer satisfaction	Management activities and operations (Moderating)	ISO	Level reached towards local authority's ISO certification.	Interval	Multiple regression analysis Correlation coefficient

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1   Introduction

This chapter deals with analysis, presentation and interpretation of data which was collected from seven out of the twenty four local authorities in central province. The stratified random sampling method was used where by Municipal Councils and Town Councils formed one stratum and County Councils formed another stratum. Data was collected through face to face interviews with the local authorities' chief officers.

The collected data was then analyzed and presented using descriptive statistics. Inferential statistics was also used to generalize the results from samples to population. Multiple linear regression analysis, mean, correlation coefficient, coefficient of determination and of the 't' statistic were calculated with the use of statistical package for social sciences (SPSS) and they were used for the purpose of describing and generalizing results to the whole population. The hypothesis testing was conducted at 95% confidence levels. The interview guide was organized to review and elicit relevant information on the basis of the research objectives whose significance levels in relation to the dependent variable (customer satisfaction) were subsequently tested by the use of research hypotheses listed below:

Null Hypotheses

$H_0 1$: There is no significant effect of local authority's total local revenue collections on customer satisfaction.

$H_0 2$: There is no significant effect of implementation of community identified projects (LASDAP projects) on customer satisfaction.

$H_0 3$: There is no significant effect of local authorities' regular operations on customer satisfaction.

$H_0 4$: There is no significant effect of management operations on customer satisfaction.

4.2   Response Level

The population was constituted of 24 local authorities in central province with two major categories which are Municipal and Town councils and County Councils and their total numbers per each category were 17:7 respectively.

The data was collected through face to face interviews with respondents. The interviewees were directly liable or accountable for statutory reporting and performance on the areas they responded to; they were either the Town Clerks or Clerks to Council or their deputies and the Treasurer who is the chief finance officer of the council or their assistants. Out of the 24 local authorities, 7 were sampled from which the officers were interviewed. Out of those sampled two county councils, and five Municipal and Town Councils officers responded positively since their institutions had more reliable and readily available data thus constituting the required sample size. The local authorities interviewed were assigned codes as follows A, B, C, D, E, F, and G for confidentiality and ethical purposes. Their list and the number of questions answered satisfactorily are as indicated in the table below.

Table 4.1 Interviewed Local Authorities.

No	Assigned Codes for Local Authority	Number of questions answered satisfactorily.
1.	A	All questions as per in the interviewing guide
2.	B	All questions as per in the interviewing guide
3.	C	All questions as per in the interviewing guide
4.	D	All questions as per in the interviewing guide
5.	E	All questions as per in the interviewing guide
6.	F	All questions as per in the interviewing guide
7.	G	All questions as per in the interviewing guide

All the questions were adequately responded to as tabulated on the table above. This portrayed availability of adequate information necessary to the policy makers and to the chief officers responsible for policy implementation thus easing decision making processes. Through observation it was noted that despite the availability of information, major decisions

were not timely made and implemented to ease on service delivery due to the bureaucratic processes required for such decisions. Political interferences were registered to be a major obstacle for policy formulation and their subsequent implementation.

4.2.1   Customer Satisfaction Results

The sampled local authorities engaged services of accredited consultants to carry out an independent survey of which the results for the years 2008/2009 and 2009/2010 in percentages are as tabulated below.

Table 4.2 Customer Satisfaction Recorded Levels

NO	Local Authority,	Customer satisfaction level in (%) for 2008/2009.	Customer satisfaction level in (%) for 2009/2010.	Improvement or Decline levels in (%) between the two periods.
1.	A	60.43	85.63	25.2
2.	B	45	65	20
3.	C	67	65	-2
4.	D	60	70	10
5.	E	30	43	13
6.	F		62	
7.	G		65	

The above tabulated results indicate that customer satisfaction on local authorities was generally on an upward trend except for 'C' local authority 'which registered decline of two percentage levels. This implied that local authorities were more responsive on addressing needs of their citizens and customers in the year 2009/2010 as compared to the year 2008/2009. Through observations, the research revealed that residents were complacent with local authorities newly adopted and improved mode of identifying residents needs; which is usually effected through local authority service delivery action plan (LASDAP) ; a participatory approach where the residents are required to come up with their preferred projects implementable in the subsequent financial year.

4.2.2 Funding Rate

Local authorities in the republic of Kenya derive their revenues or funds from local sources and the central government transfers. The local sources of revenue include land rates; single business permits (SBP) and other fees and charges. While as the central government transfer fund is disbursed to local authorities in form of local authority transfer fund (LATF), and contribution in lieu of rates (CILOR) which depends on the land occupied by the central government; like that occupied by its offices among other land use exclusively for the central government in local authority's area of jurisdiction.

The sampled local authorities' major income constituent sources as a fraction of the total revenue and their aggregates per major source are as tabulated below.

Table 4.3 Major Income Constituent Sources as a Percentage of the Total Revenue for the Year 2009/2010.

NO	Local Authority's code	SBP	Land rates	Fees and Charges	Percentage of total Locally Collected revenue	Percentage of Central Government transfers
1.	A	21.3	3.78	22.97	48.05	51.95
2.	B	13.89	1.71	20.71	36.31	63.69
3.	C	23.33	3.49	18.14	44.96	55.04
4.	D	14.12	2.06	37.4	53.61	46.39
5.	E	21.58	8.61	32.5	62.69	37.32
6.	F	12.7	5.9	38.79	57.38	42.62
7.	G	7.88	16.80	47.06	71.75	28.26

The above table indicates major source of income for the sampled local authorities. The central government transfers constitutes a larger fraction of revenue as a single major source since it constitute 43.89% of the aggregate totals from the sampled local authorities and ranging from 28.26% for the lowest to 63.69% for the highest of each sampled local

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authority. This portrays an explicit dependence and thus subsequent control of these entities by the central government. It was observed that most decisions and policies governing local authorities are made by the central government and cascaded to local authorities thus the performance of local authorities depended highly on the central government's commitment on making policies and ensuring their compliance through monitoring them. With this scenario, it was observed that there could be some anxiety on residents since it is an expression that some local authorities could disregard the residents and still carry on with their internal affairs like payment of salaries and allowances; but through document analysis it was evident that this moneys are only disbursed from the consolidated fund based on meeting the stringent measures stipulated in the local authority transfer fund (LATF) ACT sufficiently. It was also observed that conditions set in this ACT are major impetus towards the newly experienced local authority's sensitivity towards its customers and residents on their pursuit to meet its requirements.

The locally collected revenue constituted 56.11% of grand total revenues for the sampled local authorities and ranging from 36.31% for the lowest to 71.75% for the highest of each sampled local authority. It can also be derived from this data that fees and charges constituted a major portion of the aggregated total locally collected revenue since it constituted 33.82% of the grand totals of all the revenues collected for the sampled local authorities and it ranged from 18.14% to 47.06% for an individually sampled local authority. This was followed by Single business permit which constituted 14.32% for the aggregate revenue of the sampled local authorities with an individually sampled (local authority) constituting between 7.88% of the total revenues for the lowest and 23.33% of the total revenues for the highest. It was observed that fees and charges were some of the major sources of distress to local authority residents and customers since some fees and charges were unknown by those who are expected to pay the same and some were unexpectedly high from the purview of local authorities citizens and customers . Thus it is up to local authorities to adopt an open door policy and inform residents' aptly on all their fees and charges.

Surprisingly, revenues from land rates constituted a relatively small proportion as a source of total revenue for the sampled local authorities since it constituted 7.97% of the grand total revenue and as a revenue source from a single sampled local authority, it constituted between 1.71% for the lowest to 16.80% for the highest against the total revenue. This was observed to be a result of non-compliance by land owners when it comes to paying rates for the same. It was also observed to be caused by laborious processes when it comes to

enforcement of the same (Land rates payment) which includes litigation processes among others.

The sampled local authorities considered this revenues to be inadequate to meet the sprawling mandate and responsibility bestowed to local authorities in respect of meeting residents or community's services and infrastructural needs like small scale running of health care and education needs among other facilities associated with them, provision of good transportation infrastructure like opening and improvement of local access roads which are within their mandate among other diverse community needs. The proposed remedy for such inadequacies included Public Private Partnerships (PPPs) among other internally initiated initiatives.

4.2.3   Local Authorities' Expenditure Trends

Local authority revenues are pulled together from central government fund transfers and from local revenues to constitute a whole sum from which they are expended. The major expenditure components for local authorities are personnel, operations, maintenance and Community identified capital projects (local authority service delivery action plan (LASDAP) projects) expenditures. The major components of council's expenditure are as analyzed in the table below from the data collected in the sampled local authorities.

Table 4.4 Major Components of Council's Expenditure as a Percentage of Total Expenditures from the Sampled Local Authorities for the Year 2009/2010.

No	Local Authority's code.	LASDAP Expenditure	Operations Expenditure	Maintenance Expenditure	Personnel and Statutory debt expenditure
1.	A	15.43	19.35	10.07	55.14
2.	B	20.12	20.46	3.51	55.91
3.	C	0	37.46	4.18	58.36
4.	D	5.26	30.91	6.43	57.41
5.	E	7.53	25.36	3.13	63.99
6.	F	15.4	31.26	8.49	44.86
8.	G	27.28	29.69	4.55	38.47

The personnel and other statutory debt repayment in the grand totals of the sampled local authorities constituted 50.37% of total expenditure for the financial year 2009/2010 thus leaving 49.63% to be shared amid operations, maintenance and community proposed capital projects (LASDAP projects) expenditures. The rage of personnel and statutory expenditure against the totals per each sampled local authority was from 38.47% for the lowest to 63.99% for the highest as indicated in the table above. Through research it was established that most of the local authorities works were carried by the employees rather than by subcontracting the same hence the need for adequate and skilled work force. This also meant better control by the management and hence more efficient and effective service delivery and thus an improved customer satisfaction hence high wage bills as described above.

The expenditure on operations constituted 27.06% of the aggregated total revenue for the sampled local authorities where by the rage per each was between 19.35% to 37.46% of their respective total expenditures. Maintenance appropriated 5.57% of the grand total for all the sampled local authorities' expenditures where by each local authority spent between 3.13% to 10.07% of their total expenditure. The major cause of a large proportion of operation expenditure was explained on regular service delivery exercises which include garbage collection, street lighting, revenue collection, and maintenance of storm water

drainage and development control through regular monitoring among other by law enforcement related activities.

Local Authority Service delivery Action Plan (LASDAP) projects which were proposed by the community and were capital expenditures by nature constituted 17% of the entire grand total expenditures from the sampled local authorities. Each of the sampled local authority expenditure on LASDAP projects raged from 0% to 27.28% of their total expenditure as evident in the table above. This was explained by the fact that most local authorities could only afford small to medium capital related developments like construction of classrooms, dispensaries and opening of access roads among others due to their other mandatory related expenditures like operations, personnel and statutory expenditures as explained above. Since maintenance is closely related to normal operations and it rather constituted a small proportion of total expenditure, it was included and discussed as among operational costs and together they have been analyzed through multi linear regression analysis. Thus in this study, maintenance costs were discussed together with the operations cost as one variable.

4.2.4   Management Roles in Customer Satisfaction

Management practices and processes in local authorities can be measured by the level which the council is towards ISO certification. During Certification, all processes towards service delivery and towards improvement of organization's internal processes are considered. This owes to the fact that management roles involves organizing, planning, leading or directing, staffing and controlling an organization with a purpose of accomplishing a goal; the management plays an intermediary role on all the factors of production towards service delivery and ultimate customer satisfaction. Since ISO 9000 family of standards which local authorities aims to realize relate to quality management systems and since they were designed to help organizations ensure they meet the needs of customers and other stake holders, all the sampled local authorities were eager to be ISO certified through improvement of management and operational processes and ultimately on customer service. Though none of them had reached an ISO certification level, it was observed that all of them were in progress where by the stage towards certification was well enumerated in levels as per the requirement of the International organization of standards (ISO).

The level at which the sampled local authorities were at towards ISO certification in the year 2008/2009 and 2009/2010 is as tabulated below.

Table 4.5 The Percentages Level at Which Local Authorities were at Towards ISO Certification in the Year 2008/2009 and 2009/2010.

NO	Local Authority Sampled	Level reached towards ISO certification in the year 2008/2009	Level reached towards ISO certification in the year 2009/2010	Improvement or Decline in the levels attained between the two periods
1.	A	33	60	27
2.	B	5	30	25
3.	C	30	45	15
4.	D	40	60	20
5.	E	15	20	5
6.	F	30	50	20
8.	G	-	30	-

According to the above analysis, it is evident that the representative local authorities registered a positive progress towards ISO certification. This positively correlates with an increment of the earlier discussed customer satisfaction data thus leading to an observation that there may be a positive rise on customer satisfaction through an improvement on management practices as explained in an upward rise of both the levels reached towards ISO certification and the levels of customer satisfaction realized on A, B, D and E local authorities.

4.2.5   Analysis and Interpretation

Data analysis was done by using descriptive statistics, and inferential statistics: The parameters of independent variables, statistic coefficients for the independent variables, coefficient correlations and coefficient of determination between the dependent and independent variables were calculated with the help of the Statistical Package of Social

Sciences (SPSS). The resultant equation which explains the relationships between the dependent and independent variables is indicated here below

$Y=a+b_0X_0+b_iX_i+b_2X_2+b_3X_3$

$Y=27.482-2.158*10^7X_0+2.453*10^7X_i+4.622*10^7X_2+0.680X_3$

Y= Represents the dependent variable of customer satisfaction level for financial year 2009/2010.

Where: a, b_0, b], b_2 ,b_3 are constants and X_0 ,X_i ,X_2 and X_3 represents independent variables.

a=27.482

b_0= -2.158*10~^{7}

b_i=2.453*10"^{7}

b_2=4.622*10"^{7}

b_3=0.680

X_0= Represents an independent variable of total local revenue for financial year 2009/2010.

X_i= Represents an independent variable for community projects implementation which was measured through Local authority service delivery action plan (LASDAP) expenditure for financial year 2009/2010.

X_2= Represents an independent variable of regular operations which was measured by total operational costs expenditure for financial year 2009/2010.

X_3= Represents an independent variable of Management activities which was measured by ISO certification level for financial year 2009/2010.

From the equation it is evident that there existed a negative linear relationship between customer satisfaction and locally collected revenue where by customer satisfaction was negatively influenced by locally collected revenue by a proportion of -2.158*10" per a unit of Kenya shilling collected which translates to -2.158% opposite change of customer satisfaction per KSH 10,000,000 change for locally collected revenue. Thus it was established that local authority customers and citizens were dissatisfied with the revenues levied on them with the above discussed proportions. Thus for every extra shilling collected from local authority customers, there was a resultant drop on customer satisfaction.

Local authority service delivery action plan (LASDAP) expenditure had a positive effect towards customer satisfaction by 2.453* 10"^{7} per one unit of Kenya shilling expended

for the cause. This implied that per KSH 10,000,000 expended on LASDAP projects, there was 2.453% increment on customer satisfaction thus per a unit increment on customer satisfaction as a result of community project implementation, local authority could be expected to expend KSH 4,076,640.80 on local authority service delivery action plan. Thus customers were deriving satisfaction on capital expenditures which were based on the community's proposed projects implementation.

Operational costs had a positive linear relationship in relation to customer satisfaction; it was observed that this form of expenditure was to a great extent expended on facilitating the local authorities' members of staff towards provision of services like garbage collection, unblocking storm water drainage among others. From the equation, it is evident that per one unit of Kenya shilling expended on operations, the customer satisfaction level changed by $4.622 * 10^{-7}$% this implied that for KSH 10,000,000 expended on operations by a local authority in her area of jurisdiction, customer satisfaction levels rose by 4.622% thus per expenditure of KSH 2,163,565.60 in operational costs, there was a unit increment on customer satisfaction. This translated in to rising of customer satisfaction on local authorities due to provision of these operational related services like refuse collection, street lighting among others which were directly based on the operational expenditure.

The management operations had a major role to play towards customer satisfaction. Though the management operations and roles were relatively hard to measure; the most appropriate measurement adopted in this research was the level towards ISO certification which each local authority sampled had achieved in the year 2009/2010. It is evident that per each percentage increase towards ISO certification there was a direct positive linear increment of 0.680% on customer satisfaction.

Since the levels reached towards ISO certification were measured against various activities like training of Junior staff, then the middle placed staff and then the Senior staff on the efficient and effective ways of providing services; through scraping of unnecessary processes and improving the working environment among others, it was observed that this seemed to improve service delivery and thus leading to more satisfied customers or residents on the council services.

The constant which is represented by 'a' in this equation was 27.48% for every local authority sampled. This indicates that the equation explains 72.52% of customer satisfaction and 27.48% is explained by other factors which were not covered in the study. The linear relationship between the dependent and independent variables was found to be exceptionally high since the calculated correlation coefficient (r) was 0.986 which shows the strength and direction of the relationship (r=0.986).

Since correlation coefficient (r) =0.986 was positive and almost +1, it implies that there existed a strong positive linear relationship between the dependent and the sum influence of the independent variables. The coefficient of determination which is denoted by r^2 and explains how much of the dependent variable can be explained by the independent variables, was also exceptionally high at 0.973: this implied that 97.3% of the dependent variable (customer satisfaction level) was explained by the model through the four independent variables as explained above with their relationships between each independent variable explained against the dependent variable. Thus the research validity and reliability was high and dependable and the customer satisfaction levels were proved to be highly determined by the four independent variables.

The t test hypothesis was adopted in this research owing to the fact that the target population was twenty four thus less than thirty for the Z statistic to be applied. The degrees of freedom were six that is (7-1) and the level of confidence adopted for this study was 95% thus implying that the research model's probability to predict the dependent variable correctly to be at least 0.95 that is 95% leaving a probability of the model's prediction on the dependent variable as unreliable at only 0.05 that is 5%.

The t test hypothesis was a one sided test since all variables could only have a positive value thus the t tests conducted were one tailed test.

Each variable's hypothesis testing was as discussed below:

$H_0 1$: There is no significant effect of local authority's total local revenue collections on customer satisfaction.

This was a one tailed test where its t statistic was calculated and found to be -3.357 and the critical value at 95% confidence level is 2.0150.

Where $|-2.0150|<|-3.357|$

Thus since $|-3.357|>|-2.0150|$, the null hypothesis stand rejected.

Thus $H_0 1 * 0$

This lead to a conclusion that there is a significant effect of local authority's total local revenue collections on customer satisfaction.

$H_0 2$: There is no significant effect of implementation of community identified projects (LASDAP projects) on customer satisfaction.

The test was one tailed. The t statistic of the variable was calculated and found to be 2.224 and the critical value for t statistic at 95% confidence level is 2.0150 this implies that the variable covered a wider area of confidence or assurance and its possibility of having an influence on customer satisfaction was found to be over 95%.

Thus since 2.224>2.0150, the null hypothesis stand rejected.

Thus $H o 2 \wedge 0$

This lead to a conclusion that there is a significant effect of local authority service delivery action plan (LASDAP) projects expenditure on customer satisfaction.

$H_0 3$: There is no significant effect of local authorities' regular operations on customer satisfaction.

The t test for this variable was one tailed. The variables t statistic was 2.601 and the critical value at 95% confidence level is 2.0150.

Therefore the variable covered a wider area of confidence than at the 95% level. This lead to a conclusion that:

Since 2.601>2.0150, the null hypothesis stand rejected.

Thus $H o 3 \wedge 0$

Therefore there is a significant effect of local authorities' regular operations on customer satisfaction.

H$_0$4: There is no significant effect of management operations on customer satisfaction.

The t test for this variable was one tailed and its calculated't' statistic was 5.941. The critical value at 95% confidence level is 2.0150

Thus the variable covered a wider probability level of confidence which was way beyond the critical point at 95%. This lead to a conclusion that:

Since 5.941>2.0150, the null hypothesis stand rejected.

Hence H o 4 ^ 0

The results lead to a conclusion that there is a significant effect of management operations on customer satisfaction.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1   Introduction

The chapter summarizes the findings, discussions, conclusions and recommendations of the main contributions on how customer satisfaction can be improved on local authorities. It goes further to explain the study findings by elaborating on each variables effect towards customer satisfaction and how the variables can be optimized with a view to maximize customer satisfaction levels. The chapter describes whether the study achieved its objectives for determining how customer satisfaction on local authorities can be improved from the current levels through varying determinants like total locally collected revenue, local authority service delivery action plan (LASDAP) projects, total regular operation and the management operations.

5.2   Summary of the Findings

Through the study it was established that customer satisfaction was negatively influenced by the locally collected revenue while as expenditures of local authority service delivery action plan (LASDAP); which were expenditures on community identified projects lead to improvement of customer satisfaction levels. This was also replicated on operations expenditure which exhibited a positive linear relationship with customer satisfaction. Good Management activities and practices were exceedingly found to be paramount towards improvement of customer satisfaction. All the independent variables were proven to exhibit a significant influence on customer satisfaction with strong relationships established at 95% confidence level.

It was established that the total locally collected revenue constituted 56.11% of the proportion of grand total revenue for the seven local authorities studied. Since local authorities are expected to be autonomous institutions, with reasonable independence levels, the financial dependency of 43.89 % on the central government with the highest dependency in the category been 63.69% and the lowest been 28.26% in local authorities B and G respectively was observed to be relatively high and thus compromising their independence

level of operations. This was observed to have been a resultant of a narrow revenue base covered by local authorities coupled with high poverty levels among the majority of residents and customers thus compelling them to avoid paying the required fees and charges together with land rates. This relates with an observation by the CDS in which it was observed that, poverty of many households in low paying areas makes them unable rather than willing to pay in particular.

Through analysis it was observed that locally collected revenue exhibited a significant influence on customer satisfaction at 95% confidence level and hence rejection of null hypothesis. Through the multiple linear regression analysis, locally collected revenue exhibited a negative relationship, thus it was found to contribute a negative change on customer satisfaction at $-2.158 * 10^{"7}$ per one unit of Kenya shilling collected from the source.

The study revealed that LASDAP expenditure component relatively constituted a small proportion of the total expenditure of the studied local authorities not withstanding that this is capital development expenditure necessary to spar growth within local authorities. The LASDAP expenditure constituted an average percentage of 17% of the grand total expenditures for the studied local authorities where it ranged from 0% to 27.28% for the lowest and the highest sampled local authorities' expenditure; that is for C and G respectively. The expenditure on this purpose exhibited a positive linear relationship where per one unit of Kenya shilling expended for this purpose, there was a positive change in customer satisfaction of $2.453 * 10^{"7}$. The variable was tested for significance by the use of t statistic where it was found to be significant at 95% confidence level. The local authority service delivery action plan projects expenditure exhibited a positive linear relationship and there was a significant influence on customer satisfaction and hence rejection of null hypothesis. This explained one of the probable ways of improving customer satisfaction on local authorities.

It was established that a considerably large proportion of total expenditure was on operation and related activities which included but not limited to fuelling and maintenance of vehicles for garbage collection, activities for unclogging of storm water drainages, monitoring of upcoming development, revenue collection activities, electricity costs for street lighting and other exercises related to by-law enforcement. It was established that the component constituted an average of 32.63% of the grand total expenditure; this was

considerably a large proportion of the sampled local authorities' expenditures. It was noted that the component positively affected customer satisfaction by a magnitude of $4.622 * 10^{7}$ per one unit of Kenya shilling expended on operational cost. The independent variable discussed here in exhibited a positive linear relationship. The variable was proved to have a significant effect on customer satisfaction at 95% confidence level. Thus it was concluded that there was a significant linear relationship of operations expenditure on customer satisfaction and hence rejection of null hypothesis.

It was considered in the study that the level reached towards ISO 9000 certification be a measurement of the operations and conduct of management in the organization towards enhancing customer satisfaction. It was observed that most of the activities relating to ISO certification were directly controlled by the management and required smooth running of most of the council's service delivery activities especially on organization and documentation and adoption of all activities necessary for service delivery. The management practices influenced customer satisfaction by exhibiting a strong linear relationship with customer satisfaction where by per each percentage change towards ISO certification, there was 0.680% change on customer satisfaction. The significant effects of the management operations on customer satisfaction was proved to exist at 95% confidence levels and hence rejection of null hypothesis. The research established management operations to be a very strong intervening variable on customer satisfaction.

5.3   Discussions

The study explored the four major determinants which were conceptualized to be the major determinants of service delivery and ultimately customer satisfaction. The four determinants were operationalized in to three independent variables and one intervening variable which are as follows: Total Local Revenue Collections for financial year 2009/2010, total expenditure on Implementation of Community's Identified (LASDAP) Projects for financial year 2009/2010, total expenditure on Local Authorities' Regular Operations and Levels reached towards International organization of standards (ISO) certification which were used to measure Managerial Operations in local authorities. Through the study it was established that all the three independent variables and one intervening variable had a significant effect towards customer satisfaction at 95% confidence levels. This implied that the four variables influenced customer satisfaction in a more specific, predictable and accurate manner and was explained categorically using mathematical models.

Through the findings, it was established that the level of customer satisfaction was negatively affected by the local revenue collections from the local authority's citizens and customers. This was explainable since most people are not receptive in paying taxes as evident on various demonstrations held by various council residents like the Nairobi City Council Customers who demonstrated on the increment of fees and charges in the year 2010 and Municipal Council of Nyeri residents who protested on the increase of fees and charges in the year 2011 among others. This has also been evident from the central government purview where the Kenya's legislators are perturbed by the Kenya Revenue Authority's demand for them to pay tax from their monthly untaxed allowances. It was also observed from the sampled local authorities that most of the (Local authority) citizens' complaints emanated from the Local authorities locally collected revenues which are Land rates, fees and charges and the single business permits charged on them.

The study revealed that both implementation of community identified projects and local authority's regular operations affected customer satisfaction. Through observations it was revealed that the local authorities which relatively allocated and used more funds on these two customer oriented expenditures in a more balanced manner registered higher customer satisfaction levels as evident in the case of local authorities A and F in the study.

The management operation as an intervening variable was observed to possess a significant effect on customer satisfaction. The variable was influencing the functioning of all the independent variables and thus in extension the dependent variable of customer satisfaction. This variable emerged to be having the greatest effect on customer satisfaction. This could be explained by the fact that the management operations affect all operations in any given organization where by weak management operations like poor leadership was observed to be always leading to poor institutional performance and hence low levels of customer satisfaction.

5.4   Conclusions

The conclusions are based on the study findings discussed in the preceding chapters and on the statistical analysis done on the variables. The study reaffirmed the existence of significant effects of all the three independent variables and one intervening variable on customer satisfaction level where by a strong multiple linear relationships was established

and hence rejection of the four null hypotheses. The coefficient of determination showed that 97.3% of the dependent variable (Customer satisfaction) could be explained by the four independent variables and thus the regression model described in chapter four. The four variables had significant effect on customer satisfaction since all of them satisfied a threshold of 95% confidence level. Thus the model is dependable in predicting with precision the levels of customer satisfaction likely to be recorded by a given local authority in central province holding the then necessary prevailing conditions constant.

5.5   Recommendations

The following recommendations were made based on research findings:

For high customer satisfaction to be realized, local authority's management operations should be enhanced owing to the fact that its influence to customer satisfaction is generally high.

Local authority service delivery action plan (LASDAP) projects expenditure is paramount on influencing the levels of customer satisfaction; thus expenditure should incline more towards this expenditure component.

Though operation and maintenance costs are diverse, some of them were not translating directly towards service delivery or its improvement, its influence on customer satisfaction had a strong linear relationship, this inferred that local authorities should put a considerable effort on their operations which includes but not limited to garbage collection, fire extinguishing services ,development of regulation among others so as to increase and improve service delivery thus improving their efficiency and effectiveness.

Local authorities should widen their tax bases and ensure they offer conducive environment for businesses and other related tax bases to thrive. This will result to positive growth of local revenues without necessarily increasing their fees and charges, land rates and single business permit. They should also minimize over reliance on central government remittances by enhancing their revenue collection effectiveness and efficiency mostly from land rates where they get exceptionally low proportion of revenues as compared to other local authorities in the world.

Local authorities should strive to manage their personnel and statutory debt expenditure effectively by paying their statutory obligations in time thus avoiding unnecessary and punitive expenses associated with the same in high interests and penalties.

5.6   Suggestions for Further Research

It is necessary to investigate further the reasons why land rates constituted exceptionally a small proportion of revenue for local authorities particularly in central province.

Another area could be what local authorities need to do to reduce high dependency on central government transfers without necessarily raising their present fees and charges, single business permit levies and land rates.

There is need to investigate other factors which may be affecting customer satisfaction apart from the four covered by this study this is due to the fact that 27.482% of customers satisfaction levels was not explained by the model. More research should be conducted on how central government transfer fund can be used as an impetus towards local authorities' improvement on service delivery and how legislations like local authority transfer fund (LATF) ACT can be used to set progressive conditions.

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APPENDICES

Appendix 1: Letter of Transmittal of Data Collection Instruments.

University of Nairobi
College of Extra Mural Studies
School of Continuing and Distance Education
NYERI, CENTER

The Town/County Clerk

Town/Municipal/County Council
P.O. Box

Dear Sir/Madam

RE: Academic Research

I am a student in the University of Nairobi pursing Masters of Arts in project planning and management. I am carrying out an academic research on the factors that influence customer satisfaction in local authorities of the Central Region.
Your council has been selected to provide information as entailed in the interview guide.
I am kindly requesting you to assist me acquire necessary information about the council for the research through: face to face interviews with you or your representative, the treasurer and the engineer or works officer or their representatives, document analysis and general observation.
I sincerely assure you the information that will be availed to me will be taken with utmost confidentiality and will be used only for the purpose of my academic research. Thanking you in advance.

Yours sincerely,

KIZITO W. KIGUTA

Appendix 2: Interview Guide for Local Authorities in Central Province.

1) (a) Name of local authority

   (b) Respondent(s) designation

   (i)

   GO

   (iii)

   (iv)

   (c) Respondent(s) department

   (0

   (ii)

   (Hi)

   (iv)

   (d) Customer satisfaction levels for

   (Respondent: Clerk to council or his/her deputy)

   (i) FY 2008/2009

   (ii) FY 2009/2010

2)   (a) Actual locally   collected revenue for FY 2009/2010 from each major source

   (Respondent: Treasurer or Accountant)

   (i) Single Business Permit

   (ii) Land rates

   (iii) Other fees and charges

   (iv) Miscellaneous revenue

   (v) Other if any

        Total

   (b) Budgeted locally collected revenue for FY 2009/2010

   (Respondent: Treasurer or Accountant)

   (c) Actual locally collected revenue for FY 2009/2010

   (Respondent: Treasurer or Accountant)

   (d) Total actual revenue received for FY 2009/2010

   (Respondent: Treasurer or Accountant)

3)   (a) Budgeted capital projects/LASDAP projects expenditure for FY 2009/2010

(Respondent: Treasurer or Accountant)

(b) Actual expenditure on LASDAP projects for FY 2009/2010

(Respondent: Treasurer or Accountant)

4)   (a) Budgeted operations cost for FY 2009/2010

(Respondent: Treasurer or Accountant)

(b) Actual operations expenditure for FY 2009/2010

(Respondent: Treasurer or Accountant)

(c) Budgeted maintenance expenditure for FY 2009/2010

(Respondent: Treasurer or Accountant)

(d) Actual maintenance expenditure for FY 2009/2010

(Respondent: Treasurer or Accountant)

5)   (a) Budgeted total expenditure for FY 2009/2010

(Respondent: Treasurer or Accountant)

(b) Actual total expenditure for FY 2009/2010

(Respondent: Treasurer or Accountant)

6)   (a) ISO process, level attained towards certification for FY 2008/2009.

(Respondent: Clerk to council or his/her deputy)

(b) ISO processes level attained towards certification for FY 2009/2010

(Respondent: Clerk to council or his/her deputy)

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Appendix 3 List of Sampled Local Authorities

Name of Local Authority

1. Municipal Council of Thika
2. Municipal Council of Kiambu
3. Municipal Council of Ruiru
4. Town Council of Othaya
5. Municipal Council of Kerugoya/Kutus
6. County Council of Thika
7. County Council of Kiambu