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**DETERMINANTS OF CUSTOMER SATISFACTION IN NGO'S
WORKING AS MICROFINANCE INSTITUTIONS IN TANZANIA:
A CASE STUDY OF BRAC IN DODOMA MUNICIPALITY**

By

Amisa H. Makuka

**A Dissertation Submitted in Partial Fulfilment of the Requirements
for the Degree of Master of Arts in Business Administration of the
University of Dodoma**

The University of Dodoma

June, 2012.

CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the University of Dodoma the thesis entitled: *“Determinants of Customer Satisfaction in NGOs working as Microfinance Institutions in Tanzania: A case study of BRAC in Dodoma Municipality,”* in partial fulfillment of the requirements for the degree of Master of Business Administration (Social Science) of the University of Dodoma.

.....

Prof. Inderjeet Singh Sodhi

(Supervisor)

Date

DECLARATION

AND

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I, **Amisa H. Makuka** declare that, this Research thesis is my own original work and that it has not been presented and will not be presented to any other University for similar or other degree award.

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The completion of this study do not associated with my own will or skills but involves many people who made it possible through their generous contribution, advices, suggestions, financially support, encouragement, and other assistances. Since it is not possible to mention everyone who contributed in one way or another did their best to make sure I succeed in finalizing this hard task.

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Finally, I wish to express my gratitude to Ms. DinnaNgaida, Manager of BRAC and her supporting staffs who allowed me to conduct the study in BRAC -Dodoma Municipality. I would like to thank all participants in this study including customers and ten cell leaders connected to five branches for their cooperation. They provided me with information on the determinants of customer satisfaction in NGOs working as Microfinance Institution regardless of all challenges they were facing. May Allah bless all of them.

DEDICATION

The successfulness of this book is dedicated to all mothers including my beloved mom Mary Lweikiza and the late mother in law Sanura Mohd Juma. May Allah grant all the best upon them and put those who passed away in the holy Paradise.

ABSTRACT

This study aimed to find out the determinants of customer satisfactions in NGO's working as Microfinance institution a case study of BRAC Microfinance institution, in Dodoma Municipality. There were three objectives namely: (i) To determine the extent to which customers were satisfied to the NGO's working as Microfinance Institution (ii) To find out what factors determine customer satisfaction on services rendered by NGO's working as Microfinance Institution (iii) To find out effective strategies used for increasing customer satisfaction in NGO's working as Microfinance Institution.

The study employed case study approach and data were collected through questionnaires and interview. The sample for the study was obtained through purposive random sampling procedures, quota sampling and simple random sampling. The data analysis using by Ezzy's (2002) four steps of the qualitative data analysis were analyzed using organizing questionnaires, sorting, tallying in comparison with different views. The results were demonstrated by using simple tables, presented in sub-heading under objectives.

The study findings on the level of customer satisfaction revealed that, the general rate of customer satisfaction was 94% at high level and the rest 6% showed average satisfaction. Also there were two main factors which determined the customers' satisfaction. These were services quality and loan interests which made the customers perceived to be loyal and remain with the organization. There were challenges including business movement that led to low returns of loans and poor environment for loans services.

The study recommends that, the government should provide a national financial pool to provide appropriate technical and financial support where necessary. This should involve situational analysis for getting well organized procedures before providing loans. The procedures should start with providing financial literacy especially for the whole community at the basic (elementary education) financial product, to build the community with entrepreneurial skills which could help to use financing opportunity effectively. This is for the community development as well as the whole national development.

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LISTS OF ABBREVIATIONS

ACB	Akiba Commercial Bank
ADP	Area Development Program
ATM	Automated Machine
BRAC	Building Resources Around the Community
CBOs	Community Based Organizations
CRM	Customer Relationship Management
DCB	Dar-es Salaam Community Bank
ELA	Empowerment Livelihood for Adolescents
FINCA	Foundation for International Community Assistance
IT	Information Technology
KBC	Kilimanjaro Cooperative Bank,
MDGs	Millennium Development Goals
MELA	Micro Enterprises lending & assistance
MF	Micro finance
MIFs	Microfinance Institutions
NBC	National Bank of Commerce
NBS	National Bureau of Statistics
NEDF	National Entrepreneurship Development.
NGOs	Non Governmental Organizations
NMB	National Microfinance Bank

PRIDE	Promotion of Rural Initiative and Development Enterprise
QoS	Quality of Services
SACAs	Savings and Credit Associations
SACCOS	Savings & Credits Cooperative Society
SEDA	Small Enterprise Development Agency
SELF	Small Entrepreneurs Loan Facility
SMEs	Small Medium Enterprises
SSA	Sub Saharan Africa
TASAF	Tanzania Social Action Fund
TIB	Tanzania Investment Bank
TIN	Tax Indication Number
TNBC	Tanzania Network of Business Council
TPB	Tanzania Postal Bank
URT	United Republic of Tanzania
WB	World Bank
WDF	Women Development Fund

CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

This chapter brings about the general introduction of the study regarding the determinants of customer satisfaction in NGOs working as microfinance institutions. It begins with the description of the background to the study, followed by the statement of the problem, after that it presents the research objectives and research questions. Then, it includes significance of the study, scope of the study, limitations, organization of the study. The chapter winds up by the summary of the chapter.

1.2 Background to the study

Customer had been one of the key issues on the competitive process of NGO's Microfinance institutions (Ledgerwood, 1999). This was due to the global economic agenda on the poverty alleviation mentioned in the Millennium development goals (World Bank, 2000).

The importance of understanding customer satisfaction was indicated by Research findings that, Customer was the boss and a pillar of business success (URT, 2007) and customer satisfaction could express the extent to which customers were happy with the products or services provided by business. This depends on the good services the company provided thus attracts other customers to come and buy or get services from the company (URT, 2007; Kotler, 1997).

Likely, there were different providers of microfinance (MF) services and some of them were: Non governmental organizations (NGOs), Savings and loans cooperatives (SACCOS), credit unions, Government banks, commercial banks or non banks

financial institutions. The target groups of MFIs were self employed low income entrepreneurs who were: traders, seamstresses, street vendors, small farmers, hairdressers, artisans, and blacksmith (Beketi, 2006; Ledgerwood, 1999).

In Tanzania, a number of financial institutions had been established for different purpose. For example, to empower the economic development of the citizens, to promote access to financial services especially to low income population, and supporting the financial needs to small and medium enterprises (SMEs) (TNBC, 2008; Bhattacharya, *et al.* 2000; Wangwe, 2004). These institutions were categorized in four parts as:

- i) Formal Financial institutions: Kilimanjaro Cooperative Bank (KBC) , National Microfinance Bank (NMB), Tanzania Postal Bank (TPB), Akiba Commercial Bank, Tanzania Investment Bank, Twiga Bancorp, Dar-es Salaam Community Bank, National Bank of Commerce (NBC) etc.
- ii) Also , there were savings and Credit Cooperative Societies (SACCOs) and Savings and Credit Associations (SACAs)
- iii) Not only that but also Financial institutions such as PRIDE, BRAC, FINCA and SEDA.
- iv) Lastly, Special funds which included The Tanzania Social Action Fund (TASAF), The Women Development Fund (WDF) that is managed by the Ministry of Community Development, Gender and Children Affairs, The Small Entrepreneurs Loan Facility (SELF), and The National Entrepreneurship Development (NEDF).

Due to the microfinance institutions mentioned, there was some information which shown the data of Microfinance Institutions available in Tanzania. The directory included a total of 8 banks, 45 CBOs, 2 Companies, 95 Government programs, 1620 SACCOs, 48 SACCAAs and 62 NGOs.(URT, 2010).

Furthermore, the aim of any business be it production, trading or provision of services, was to realize profit to satisfy the needs of the owner (URT, 2007). The customer retention as a one way to ensure that the company gain competitive advantage (Malcolm, 2008).Successful customer retention started with first contact an organization had with a customer and continues throughout the entire lifetime of the relationship (Reichard F, 1996). It was associated with the practice of working to satisfy customers with the intention of developing long-term relationships with them (Beketi, 2006).

Moreover, the customer satisfaction literature had paid a great deal of attention to the confirmation paradigm, which concerned the comparison of product or service performance, expectations and evaluations (Goode and Moutinho, 1995). The value of customer satisfaction rested on its relationship to choice and market share. The consideration of the relationship belongs to the domain of defensive marketing, which augments the offensive marketing paradigm that has traditionally been predominant (Aaker, 1982).

Building Resources Around the Community (BRAC).

BRAC is a development oriented Non- governmental organization dedicated for alleviating poverty by empowering the poor to bring about change in their own lives. It was set up in Bangladesh in 1972 and over the course of its evolution, established

itself as a pioneer in recognizing and tackling many different realities of poverty. Its services are provided in various developing countries like in Tanzania where it was established in 2004, while in Dodoma was established in 2007. Its aim is to support services in the areas of human rights and social empowerment, education and health, economic empowerment and enterprise development, livelihood training, environmental sustainability and disaster preparedness (URT, 2007).

Even though the trend towards Microfinance based services was increasing in some developing countries, the lack of the detailed knowledge about the determinants of customer satisfaction could lead companies to failure. Various researches on financial institution services found that, despite the fact that the good services provided by NGO's Microfinance institutions, the services might lack sustainability if there would be lack of knowledge base about determinants of customer satisfaction (Wangwe, 2004; URT, 2004 &2007; TNBC, 2008).

The confirmation model treats satisfaction as a meeting of customer expectations and is generally related to habitual usage of products by the community around (Oliver 1997). Still the gap was on how to determine the current state of customer satisfaction being individual or as the whole community. Therefore, this study intended to find out Customer Satisfaction determinants in the meeting point of customers' expectation after a product or service had been used by NGO's especially in fast growing cities like Dodoma.

1.3 Statement of the problem

The value of customer satisfaction rests on its relationship to customer's choice and market share. The current Studies related to customer satisfaction indicated that, in micro financial institution, the local costumers who are the offensive market usually

suffer from interest posed, which are so high to pay and microcredit lack evidences on the extent they support the poorest and ultra-poverty to alleviate poverty (Geetika, 2008; Ashraf & Noor, 2010). For example Beketi (2006) conducted a study in Kilombero Tanzania for assessing the extent of microfinance support to farmer's micro credits. She found that farmers were producing for the returns of their loans and a few of them got surplus production.

Empirical research supports the notion that satisfaction is caused by expectations and required considerable cognitive effort on the part of customers which included customer services quality as individual or community at large (Bearden and Teel, 1983; Moutinho and Goode, 1995; Cadotte *et al.*, 1987). Other studies in Tanzania had shown that, particularly service performance which has a direct impact on customer satisfaction. Customers need a proper communication for their short or long term involvement associated with the implication of MFI to their business (Beketi 2006; & Wangwe 2004).

However, all these studies were conducted in communities with well structured business culture, thus less is known about customer satisfaction in the rapid growth cities such as Dodoma Municipality. The complexity of cultural mixes resulting from people's movements from other parts of the country into this city could be associated with the various people's perception on the extent, determinants and challenges to customer satisfaction on the NGOs working as Microfinance Institution (MFI). The obvious challenges could be associated with people's movements that lead to the lack of permanent business cities. Consequently the strategies for effective customer satisfaction would require special attention. This study sought to bridge the knowledge gap about Customer satisfaction in the fast growing city-Dodoma Municipality. Until

such study was conducted, other growing cities would continue facing problem related to the determinants of customer satisfaction.

1.4 Research objectives

1.4.1 General objective

The main objective of this study was to find out the determinants of customer satisfaction for services offered by NGOs working as Microfinance support.

1.4.2 Specific objective

1. To determine the extent to which customers were satisfied to the NGO's working as Microfinance Institution.
2. To find out what factors determined customer satisfaction on services rendered by NGO's working as Microfinance Institution.
3. To find out effective strategies used for increasing customer satisfaction in NGO's working as Microfinance Institution.

1.5 Research questions

1. What was the level of customer satisfaction to the of NGO's working as Microfinance Institution?
2. What were the factors determined customer satisfaction on services rendered by NGO's working as Microfinance Institution?
3. What were the effective strategies used to increase customer satisfaction in NGO's working as Microfinance Institution?

1.5 Significance of the study

The understanding on determinants of customers' satisfaction would help to implement proactive customer satisfaction as a measurement system in a business. It would help to show the way of placing expenditure under the microscope and lower cost of selling and increase repeat purchase from existing customer. Also, the study would help to promote the business relationships which draw high priority on the cash flow. The reason that could make the institutions sustainable for their key role of making customer satisfied.

On the other hand the study would sensitize the client and the institution even in the time of economic crisis the imagination could make thrive for the business. Furthermore, the study would provide body of knowledge to keep customers, institution as well as policy makers and the whole community informed on the best strategies. They should suit the changing needs in the fine tuned to where they want to go, increase brands of services and use all the opportunities. The study on customer satisfaction and its determinants on the NGO's working as microfinance institution would help to understand the contribution of individuals and institutions' progress on economic development as well as shaping the policy formulation on how to eradicate poverty.

1.6 Scope of the study

The study was undertaken in Dodoma municipality in Dodoma region. The main focus of the study was to obtain information regarding the determinants of the customer satisfaction. The concentration based in microfinance institutions namely, Building Resources around the Community (BRAC).

1.7 Limitations of the study

- The study focused in only one district out of 133 districts in Tanzania, Dodoma Municipality; this means it could be not better to generalize the information for all districts.
- The researcher faced economic problems including financial support for transport and stationeries. So due to shortage of fund some specific information could be left out of this study.
- The time of preparing this study was an obstacle as the researcher conducted the study within time limit. Limited time could not let all customers be interviewed. Therefore the selection of representative could lead to unqualified interviewees.
- Some of the respondents return the questionnaires without filling some of the questions. For example the question of the suggestions of the strategies for increasing customer satisfaction. Therefore the researcher agreed on some pitfalls and call for other studies related to this.

1.8 Organization of the Study

This study was organized into five chapters. Chapter one presenting background of the problem, while the review of literature related to the study was presented in chapter two. The third chapter dealt with study methodology. The data presentation, analysis and discussion were presented in chapter four while chapter five consisted of the summary, conclusion and recommendation.

1.9 Chapter Summary

From the introductory part of the problem with relevant data from the related studies, it could be seen how customer satisfaction was seen as a complex phenomenon. The diversity in perception of customer satisfaction, the process used in financing, the role of the microfinance institutions in the community and the challenges facing the provision of funds were all the forces for conducting this study. The study was only focusing on one level of area development using the institution namely, Building Resources around the Community (BRAC) as a focal point of creating and fostering the community's development. The study area was in Dodoma Municipality as a case study representing other fast growing cities.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents an overview of literature review that has a direct relation to the problem. It covers the determinants of customer satisfaction in microfinance institutions. It also includes the definition of key terms, theoretical perspectives of the study, empirical findings, conceptual framework, critical and relevance of literature. This chapter will end up with small summary.

2.2 Theoretical Literature Review

2.2.1 Definition of Key terms

2.2.1.1 Finance

It means money necessary to do something especially to a fund project. It may also mean the money at the disposal of an organization country or person (Beketi, 2006).

2.2.1.2 Financial Institution

This refers to the organization offering financial services such as deposit or is an organization or brokerage that offers financial services such as loans, community empowerment and business support (Wangwe, 2004).

2.2.1.3 Microfinance

Microfinance is a small financial entity provided for economic development support. Microfinance has demonstrated its potential to assist the poor to make significant strides to reduce vulnerability, improving their livelihood, paying for basic health care and financing their children education (Littlefield *et al*, 2003).

2.2.1.4 Microfinance Institution

Micro finance institution refers to the development tool that grants or provides services and products such as very small loans, savings, micro-leasing, micro-insurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses. It is mostly used in developing economies where SMEs do not have access to other sources of financial assistance. (Robinson, 1998).

.2.2.1.5 Customer

Customer is a person, company, institution or group of people who buy goods or services from a company. She/he can come from within or outside the business entity (URT, 2007).

2.2.1.6 Satisfaction

Satisfaction refers to a number of different facts of the relationship with a customer. For example, satisfaction with quality of products or services provided. This might include satisfaction with on going business relationship, satisfaction with price performance ratio of the products or services and satisfaction of products or services met or exceed customer expectation (Cacioppo, 1995) Also satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire (Hansemark and Albinsson ,2004)

2.2.1.7 Customer satisfaction

Customer satisfaction is the state of mind that customer have about a company when their expectations have been met or exceeded over the lifetime of the product or service (Cacioppo, 1995).On the other hand, customer satisfaction can be defined as the customer fulfillment response on evaluation and emotional response to service

(Rust and Oliver, 1994). Again, it is an attitude or behavior the customers vocalize or exhibit. The implication is that the financial institution is consciously and proactively able to meet the myriad expectations of its many customers (Khirallah; 2005).

2.2.1.8 Non- Governmental Organizations (NGOs).

A non-governmental organization (NGO) is any non-profit, voluntary citizens' group which is organized on a local, national or international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participation through provision of information. Some are organized around specific issues, such as human rights, environment or health. They provide analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreements (World Bank, 2009).

2.2.1.9 Determinant

Determinant refers to factors that cause or influence something; like customer satisfaction (Bhattacharya, 2000). Sometimes determinants can be expressed as a square of matrix A in terms of its cofactor along the first column of the matrix. This is different than the definition in the textbook by Leon. Leon uses the cofactor expansion along the first row. It would take some work, but shall later see that equivalent to such definition. (Buss-Spring, 2003) .This definition is much based on mathematics but mostly these are factors that cause something.

2.2.1.10 Strategy

Strategy is the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a

challenging environment, to meet the needs of markets and to fulfill the stakeholders' expectation (Kotler , 2005).

2.2.2 Theoretical Framework

2.2.2.1 KANO Theory for customer satisfaction

This is the recent theory founded by Professor Noriaki Kano (Woodley ,2009) the model has assumption which are namely attributes, performance attributes, excitors or delighters attributes and indifferent attributes. The theory is useful for measuring the customer satisfaction in terms of quality functions in evaluating products and services.

- i) Threshold attributes must always be present, in order the product or services to be accepted in the market.
- ii) Performance attributes are those increasing satisfaction of the customers. A new product or services are added to satisfy the view of customer otherwise customers can diminish. The better the product or service is meeting the customer needs, the happier the customer is.
- iii) Excitors attributes refer to characteristics which customers did not expect but received as bonus. They do not affect customers when they are omitted on the product or services.
- iv) The indifferent attributes do not affect customer satisfaction. They may include such items as the company logo on the stationary or socks worn by company personnel.

However the approach has flaws like:

- It generalizes the individuals that are all independent to customer satisfaction.

- It overlooks the relationship of performance and customer satisfaction as if they are linear.
- No direct way to rank the order of satisfaction some products may be ratified low but has less impact than product, services features.

2.2.2.2 Societal Marketing Model

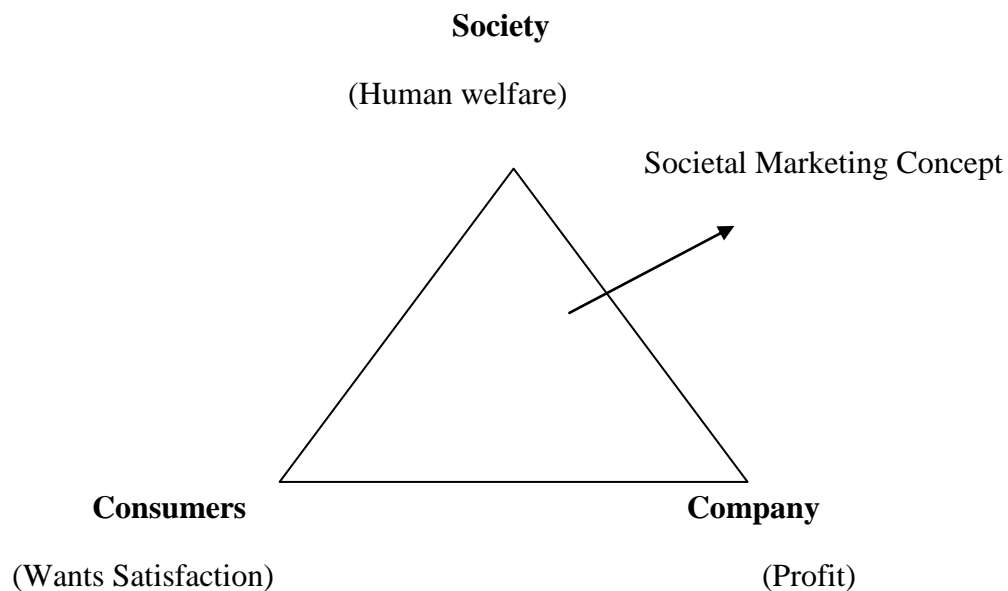
This is the model designed by Kotler& Armstrong (1997) as one of the marketing management philosophy with five concepts namely; the *production, product, selling, marketing and societal marketing* and for the interest of this study the societal marketing concept was used. It was useful to assess how the institution's plan for the long-run importance to customer satisfaction. It has been applied by Johnson& Johnson Company to assess the consideration of the company for community and environmental responsibility. The model explains that:

- i) The organization should determine the needs, wants and interests of targeted markets and deliver the desired satisfaction more effectively and efficiently than competitors.
- ii) The market should deliver superior value to the customers in a way maintains or improves the consumer's and society's well being.
- iii) It should look about how to generate customer value and make sure the relationships with customers do not break up if value evaporates.
- iv) It calls upon marketers to balance three considerations in setting their marketing policies: company profits, consumer wants, and society's interests.

However, the model leaves some questions:

- Whether the pure market concept is adequate in an age of environmental problems, resource shortages, rapid population growth, worldwide economic problem and neglected social services.
- If the firm that senses, serves, and satisfies individual wants is always doing what is best for customers and society in the long run. The marketing concepts over-looks possible conflicts between consumer short-run wants and long-run welfare.

Figure 2.1 Three Considerations Underlying the Societal Marketing Concept



Source: Kotler & Armstrong, (1997:19) modified

2.2.3 Factors affecting customer satisfaction

A review of the existing literature indicates that there can be potentially many antecedents of customer satisfaction, as the dimensions underlying satisfaction

judgments are global rather than specific (Taylor and Baker, 1994; Patterson and Johnson, 1993; Rust and Oliver, 1994; Kotler, 1997). Due to those antecedents there are major three factors that affect customer satisfaction such as service quality, perceived value and brand reputation. Other factors are friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service (Hokanson, 1995).

2.2.3.1 Service quality and Customer satisfaction

The relationship between expectation, perceived service quality and customers satisfaction have been investigated and found that, there is a close relationship between expectation, perceived service quality and customers satisfaction. This had a proof from various researches (Zeithaml, *et al*, 1988).

Parasuraman *et al*, (1985& 1988) added on that increase in service quality of the banks can satisfy and develop attitudinal loyalty which ultimately retains valued customers. The higher level of perceived service quality results in increased customer satisfaction. When perceived service quality is less than expected service, customer would be dissatisfied (Nadiri, *et al* 2009).

2.2.3.2 Brand reputation and customer satisfaction

Marketing literature examined the positive link between the satisfaction and the brand reputation and mentioned that, the nature and amount of a consumer's experience with an evoked set of brands (Wafa, *et al* 2009). Perceived brand reputation has significant impacts on customer satisfaction and a consumer's beliefs about brand derived from personal use experience, criticisms, and the marketing efforts of companies. (Woodruff *et al*.1983).

A brand perception is also one of the important aspects in banking sector and other microfinance institutions. This is due to reputation of microfinance institutions and banks in the whole system of banking industry (Reynolds, 2007). It measures experience of the customer how he/she felt with the brand and their services. A perceived brand of all performance is determined by some combination of beliefs about the brand's performance dimensions (Woodruff *et al*, 1983). A brand perception could be important factor to service provides because, satisfied customer with brand would recommends that service to others.

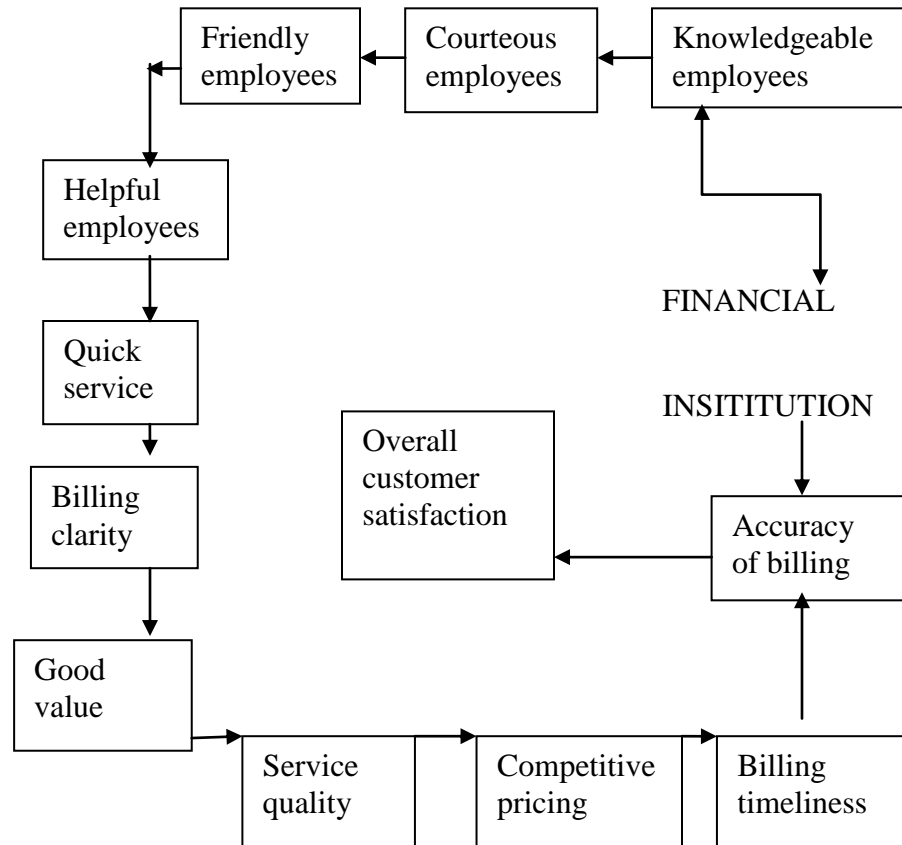
2.2.3.3 Perceived value

Apart from brand perception, perceived value also could be one of most important constructs of the customer satisfaction measurement; it is used to assess the actual benefits of the service. Perceived value is compression between price or charges paid for the services by the customer as sacrifice of the money and utility derived by service perception (Holbrook (1994), Bolton and Drew (1991), Cronin & Taylor (1992, 1994).

In various studies the overall satisfaction also known as cumulative satisfaction was discussed as overall perception and concluded remark of the customer regarding alternative banking channel used by him/her. The overall remark of the customer based on customer expectations, relied on various aspects of service quality and actual service the customer received from the particular bank. This is shown in Figure 2.1.

From the Hokanson's model, it could be seen how financial institutions depend on many factors to determine the customer satisfaction. However, for the interest of this research **service quality, brand perception** and **perceived value** were taken as focal points

Figure 2.2 Other Factors Influencing Customer Satisfaction



Source: Adopted Hokanson's (2005) model.

2.2.4 Determinants of customer satisfaction

From the influencing factors for customer satisfaction, a customer could be assessed as satisfied when observing some variables which are also known as determinants of customer satisfaction. The following are the determinants of customer satisfaction as researched from various countries:-

2.2.4.1. Customer Retention

In the past, the terms customer retention and customer loyalty have been used to describe the same phenomenon (Zeithaml *et al.*, 1996; Reichheld & Sasser, 1990). Recent literature has conceptualized customer retention as a multi-dimensional

construct consisting of both behavioral and affective dimensions (Gremler & Brown, 1996).

Customer retention is an imperative in modern business strategy to keep company's customers to retain their revenue contribution. Primarily it aims to prevent customers from defecting to alternative brands/ going to the competition. Managers knows, it costs less to keep existing customers then to acquire a new one, thus having a customer retention strategy is common sense. Customer retention is a driving force behind Customer Relationship Management (CRM), relationship marketing, and loyalty marketing.

Customer retention is an important element of the company strategy in today's increasingly competitive improvement. The real indication for the retention is not customer perception, but customer action (Leeds, 1992). Clearly there are compelling arguments for the institutional managements to carefully consider the factor that might increase customer retention rate. Daukin and Reichheld (1990) confirm that repeat business, purchasing ancillary services, recommendation to other, willingness to pay premium price and frequently of purchasing are the indicators of the customer retention.

These factors can be easily quantified and measured by the dollar's value of each action.

The argument on customer retention is relatively straight forward on customer satisfaction as it is more economical to keep customer than to acquire new one to replace those who have been lost are high. According to Reichheld and Kenny (1990),

the only reason based on the expense of acquiring customer is incurred only in the beginning stage of the commercial relationship.

Study across the number of industries have revealed that the cost of retaining and existing customers is only about 10% of the cost acquiring new customer, so customer retention makes powerful economic sense. Putting in place a customer retention strategy increase customer profitability as acquisition cost only occur at the begging of a relationship, so the longer the relationship the lower amortized cost. (Global Loyalty Agency 2008).

Priorities at client level should therefore include:

- Improving financial literacy, especially in rural women and children (primary schools), starting with basic financial products□.
- Accessing savings and loan products that are appropriate, are brought physically close to the client, and fit their needs. Given that currently the majority of all savings is either non monetary, kept at home or in the informal system, promotion of a savings culture should be a priority.
- Giving physical access is a major bottleneck in Tanzania, support to innovative mechanisms for financial services delivery should be part of the strategy (mobile phone banking, rural mobile banking vans, sms-banking, POS devices, smart cards etc.
- Improving outreach of financial services to the currently excluded will need to be supported by appropriate strategies in the area of Business Development

Services and access to markets for small producers, to improve the capacity to invest money (savings or loans) effectively.

- Investing in education, vocational training centre and business support centre enhances business skills and increases the number of 'bankable' projects.

Customer satisfaction is considered as a prerequisite for customer retention and loyalty, and obviously helps in realizing economic goals like profitability, market share, return on investment just to mention a few (Sureshchandra *et al*, 2002).

2.2.4.2. Customer value

In order to get customer satisfaction the company should view the customer as the essence of the business by recognizing his or her values (URT, 2007). This is one of the most important constructs of the customer satisfaction measurement; it is used to assess the actual benefits of service (Kumbrah, 2011). The customer value is known from the difference between the value customer gains from owning and using products and the costs of obtaining the products (Kotler, 2003). (For example Holbrook, 1994; Bolton and Drew, 1991; Cronin and Taylor, 1992; 1994) perceived value as a comparison between price or charges paid for the services the customer as sacrifice of the money and utility derived by service perception.

In long term business, customer buy more and if satisfied may generate positive word of the mouth promotion for the company. Additionally long term customers also take less of the company's time and less sensitive to price change (Healy, 1999). Today, customers are more value oriented in their consumption of the service because they have alternative choice. Gale and Wood (1994) explained how customers make purchase decision between competing providers. They added that the customers do not

simply buy product but they buy value. It was observed that customer learn to think objectively about value in the form of preferred attributes, attribute performance and consequence from using a product in a situation.

2.2.4.3. Customer service quality

The identification of service quality is usually analyzed from technical quality and functional quality (Donabedian, 1980, Gronroos, 1984). The service quality is how well the services exceed customer expectations or attitude of overall excellence of services or as the difference between customers' expectations and perceptions of services delivered by service firms. (Parasuman *et al*, 1985; Czepiel, 1990). The relationship between service quality and customer satisfaction have been investigated in a number of researches (Zeithaml, *et al*, 1988).

Spreng *et al* (1996) related customer satisfaction and service quality as two concepts that are at the heart of the marketing theory and practice. The service quality may be a source of the strong market as customers are attracted for their demand needed.

The prominence of these two concepts is further manifested by the root of theoretical and empirical practice. One among the important issue of which service providers put more concern is customer satisfaction will be achieved by their service quality. The standard of the services provided by the institution were expected by many customers to achieve an economic progress as well as social well being according to the quality. Service quality has been described as forms of attitude in a long run overall evaluation as together with attitude are viewed as similar (Sureshchandra *et al*, 2002).

2.2.4.4. Customer loyalty

The customer satisfaction in microfinance institutions needs customer loyalty as an important determinant (Malcolm, 2008). Customer loyalty is actually the results of an organization creating a benefit for a customer so that they will maintain or increase their purchases from the organization (Anderson and Jacobsen 2000). On the other hand customer loyalty refers to a deeply held commitment to re-buy or re-patronize preferred product or service consistently in the future despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1997). Having a loyal customer is a great asset to ensure long term growth of a company. Thus, the key is to match customer expectations with company performance (Kotler, 1997), as satisfied customer make repeat purchases and tell others about their good experience with the product or service (URT, 2007).

The customer satisfaction generally is related to customer loyalty as profitability is concerned. The key issue to loyal stands whereas the great extent customer would have an important asset to ensure long term growth of the company. Customer satisfaction and loyalty are critical elements of the long term business growth and profitability. A loyalty alone came primarily from a customers' emotional connection and experiences with an organization's people. Customer loyalty is driven by the customer experience with the product and process (Beketi, 2006).

In many cases the customer satisfaction and loyalty are not simply based on how well the products perform. Customer tends to have more holistic view of their experience and what satisfies them. As part of their customer satisfaction, information trend can work with to identify the key components driving customer loyalty. These include identifying what the customer values, examining critical touch points with the

customers understanding the impact of the channel on customer satisfaction. Also information on identifying specific sources and causes for low customer satisfaction and quantifying the business impact from improving customer satisfaction have more impact for the improvement of the company (Muhammad, 2011).

However, many businesses nowadays do not adequately take customers satisfaction in to account in their day to day business operation. Repeat customers and loyal customers are vital to long term success of any customer driven business. Slater, (1997), stated that having satisfied customer is necessary to developing a loyal customer base. The important issue to consider when one starts running business is to realize that any significant initiatives of the business must start from, and reinforced by, the top. Manager and front line employee follow the cultural and practical direction of their leaders. Thus, to make customer satisfaction a top organizational initiative, direction and guidance must come from the management and work its way down through the organization (Slater, 1997).

2.2.5 Other Determinants of Customer Satisfaction

2.2.5.1 Customer satisfaction and billing clarity

Some organizations emphasize that they enjoy significantly enhanced customer service while other focus on the personalized messaging they use to up-sell their customers, and some stress how they use billing to foster the brand loyalty. To achieve billing wellness, a building system should make available the some web based archive and retrieval system both to customer and to call centre personnel to securely researched, view and print any invoice statement(Rose, 2011).

Sureshchandra *et al*, (2002) explained that good billing platform allow customer satisfaction reps to call up a document that is identical to what the customer see on line

or get in the mail. So if the customers call in with questions they are looking at the same things. Strategic billing system also let the customer manage and research their own invoice with the same easy to use the web based tool.

Company that approach billing with strategic goals in mind gain considerable advantages over those that do not. It is certainly important for business to recognize and focus on reducing the cost involved in the billing process, the cost of the people, materials, equipments, IT time and of course postage. Credit Manager describes strategic advantage that come from better billing (Rose, 2011).

Again, Rose (2011) found that, Puma production provided the online tools that their customers searched for invoice by purchasing order or invoice number. They viewed exact replicas of the paper bill, sorting bills by the key criteria and download, printed and paid them. For Puma Company, web billing satisfies their customers. Selling E-billing to large extent have become a key source of the customer improvement in many companies as customers can see their bills online without calling to the stations or waiting the bills to arrive in the mail.

2.2.5.2 Friendly Business and Customer Satisfaction

Likely, customer dissatisfaction is often, sadly, a result of simply miscommunication. Companies usually have the intention of making the customer satisfied but miscommunication about company's policies, work procedures and workers' attitudes can frustrate the customers. Reichheld *et al*, (1990) state that a service oriented business need to communicate and expectation it has of customers in order to efficiently deliver the services promises. Quick and accurate response to customer complaint, whether in person, by telephone or through the email removes frustrations

and increase customer satisfaction. Customers get frustration once if they do not efficiently get an appropriate answer to important question.

Moreover, customers are not only satisfied, but often seek out opportunities to do business with companies that are approachable with any request and need. Woodruff, (1997) mentioned the needs includes customized service, special request or simple old fashioned friendly and courteous service. The more your service matches up the expectation or demand of the typical consumers, the more likely customer satisfaction will develop.

Again, reward system is very important initiative to develop and be successful within an organization. It must be in a place to recognized high succors. Malhotra, (1999) suggested that, customer satisfaction will be attained only if offered reasonable and unexpected reward. Employees at all level within an organization want to be recognized for their efforts and accomplishment.

2.3 Empirical Literature Review

These were various studies which were investigated by other researchers on the same issue globally, regionally and country wide.

2.3.1 Studies on customer satisfaction in Developed countries

Ranaweera *et al*, (2003) in the study of Some Moderating Effects on the service quality-customer retention link, United Kingdom (UK), specifically in England adds that, customer services quality is not only the basic determinant of customer satisfaction but also loyalty and resulting in positive financial benefits to the service provider were among the factors for customer satisfaction and might have impact on retention.

Furthermore Reichard (1996) in the study of ‘‘The Hidden Advantages of Customer Retention’’ in America said that, service quality was not the only determinant of customer satisfaction but also emotional responses such as inertia and indifferences can also result into retention. Customer retention involves the activity that a selling organization undertakes in order to reduce customer defection. Successful customer retention start with first contact an organization has with a customer and continues throughout the entire lifetime of the relationship. It is associated with the practice of working to satisfy customers with the intention of developing long-term relationships with them.

Moreover, Robert (2008) conducted a research on the ways of keeping customers satisfied in America said that, there are key factors to retain the customer and extending the firm such as: (i) Range of innovative products available to customers, (ii) the technical quality of delivered services (QoS) and, (iii) Competitive pricing. To keep good customers happy and retained to the industry is not difficult if the industry will pay attention to the detail and take time to make sure customers questions and concerns are handled professionally.

There were also the relationship and handling complaints organizational and management efforts as examined by Rust (1993) in London on the research of Customer satisfaction, customer retention and market share as the determinant of customer satisfaction on service attributes. The study showed that there was a correlation between management efforts on the services promoted and the customer satisfaction. The higher the management efforts used to resolve complaints the higher the customers satisfied.

In addition to that Zineldin (2000) on the study of Total Relationship Management in Lund said that retention was “a commitment to continue to do business or exchange with a particular company on an ongoing basis. This was highly aiming to customers.

2.3.2 Studies on customer satisfaction in Developing Countries

There were many studies about customer satisfaction in developing countries, among them Geetika (2006) was one who conducted a research of customer satisfaction in India and found that satisfaction from service quality was usually evaluated in terms of product, personnel operations and technology applied.

Also J.D.Power and Associates (2008) in the report of Satisfaction of Business customers with electric utilities which was conducted in India, He observed other more six factors for customer satisfaction like power quality, customer service, company image, billing and payment, price and communication. Communication was seen as the most factor as the base for all.

On the other hand, Mohammed et al (2011) on the study of relationship between Service quality and Customer satisfaction of the Islamic Banking in Pakistan came up with evidence that the service quality was one among the factors which led to the fastest growth of Islamic banking in Pakistan.

Harkiranpal Singh (2006) in Malaysia while assessing the importance of Customer satisfaction in Relation to Customer Loyalty and Retention detected that the customer satisfaction based on the positive connection between loyalty, retention and their consequences. The consequences may be the result of needs expectations and the satisfaction limits, whether on short-time basis or for a long- time aspects.

Not only that but also Larpsiri (2004) conducted a study in Thailand on the determinants of customer satisfaction: A model of technology Integration in Thailand insurance industry, examined the influence of Sales force automation technology integration on both internal and external customers whereby customers were strongly familiar with interpersonal services. The results were; customers who were strongly familiar with interpersonal services may never be satisfied with purely technology based services due to the relationship- based cultures of Asia. Then the researcher decided to find out why customers are not satisfied by looking the determinants of customer satisfaction in NGOs working as Microfinance institution in Tanzania, especially in Dodoma Municipality.

2.3.3 Studies on customer satisfaction in Africa

The study in Ghana by Malcom (2008), on the effects of customer satisfaction on loyalty shows that, customer satisfaction was one way of gaining competitive advantage. It also ensures that having a loyal customer is a great asset to ensure long term growth of a company.

2.3.4 Studies on customer satisfaction in Tanzania

Also Mboma (2006) conducted the study on ATM services and customer satisfaction in Tanzania establishes that ATM services enhance operations and customer satisfaction due to the Time flexibility. ATMs add value in terms of speedy handling of voluminous transactions which traditional services were unable to handle efficiently and expediently.

2.3.5 Studies on NGOs working as Microfinance institutions in developed countries

Microfinance is not a new concept. It dates back in the 19th when money lenders were informally performing the role of now formal financial institutions. The informal financial institutions constitute; village banks, cooperative credit unions, state owned banks, and social venture capital funds to help the poor. These institutions are those that provide savings and credit services for small and medium size enterprises. They mobilize rural savings and have simple and straight forward procedures which originate from local cultures and are easily understood by the population (Germidis *et al*, 1991).

(Town, 2003, Ashraf & Noor,2010) on the study of Microfinance in America found that in Africa, people financed through micro credit, are in fact loaned to people with existing business and not to those seeking to establish new business. Also many of those receiving micro credit are using the loans to supplement the family income. Professor Karlan, (2001) in Town, (2003) concluded that whilst micro credit is not necessarily bad and can generate some positive benefit, despite some lenders charging interest rates between 40-60% and that was the panacea that was not purposed to be for poverty alleviation.

However, Nicholus, (2001) in Town(2003) conducted a research on Microfinance in America state that, there was no evidence of any negative influence of micro financing but countless example of people who were looking at the bigger picture and saving better than having serviced. For example Sociologist Jon Westover in Nicholus, (2001) found that, much of the evidence of the effectiveness of the micro financing for alleviating poverty was based in anecdotal report. People's perception was at

Microfinance as a tool for reducing alleviating poverty, but no specific level that could be measured.

2.3.6 Studies on NGOs working as Microfinance institutions in developing countries

World Bank in the National report (2000) found that, the economic performance in sub Saharan Africa (SSA) and other regions over the past three decades had been closely associated with their savings and investment. The total savings was lower than the formal bank that was the reason why the NGOs working as Microfinance institutions were needed to make sure the poor would be able to access financial support. Furthermore the material benefits had moved ahead to the long term projects.

The key principles of NGOs working as Microfinance institutions are:

- Pooling together peoples resources through group organizing
- Relying on building upon what people know – traditionally.
- Reinforcing Microfinance to empower the African private sector.
- Striving for efficiency.

Rweyemamu *et al*, (2000) in Beketi (2006) conducted a research on Lessons in building linkages for competitive and responsible entrepreneurship in Tanzania, argued that the formal financial sector in most developing countries had failed to serve the rural communities due to collateral, credit rationing, preference for high-income clients and large loans, and bureaucratic and lengthy procedures of providing loan. On the other hand, the informal financial sector had also failed to help farmers due to

monopolistic power, excessive high interest rates and exploitation through under valuation of collateral.

However, Wright *et al*, (1999) conducted research on Vulnerability, Risks, Assets and Empowerment- The Impact of Microfinance on Poverty Alleviation Micro-Save-Africa& Uganda Women's Financial Trust, noted that microfinance was not a panacea but it was the main tool that fosters development in developing countries.

2.6.7 Studies on NGOs working as Microfinance institutions in Africa

In Cameroon the study on the effects of Microfinance institutions on Women Development by Ledgerwood, (1999), shown that the NGOs had been used to strengthen group solidarity while in Nigeria, the unique loan scheme drawn from the traditional micro credit practices had come to increase savings mobilization by 100%, loan fund repayment at 98% and loan fund portfolio over 50%.

Also, Obara (2001) conducted a research in Uganda on The Role of Microfinance in Uganda and found that, interest in MFI had soared in the recent decade and the instrument was seen as one of the most promising tools to tackle poverty in the developing world. For Donors, Microfinance was especially attractive as it could be delivered in an institutional and financially sustainable manner, that permit the withdrawal after making relatively modest investment.

In addition to that, Bagazonzya & Mbabazi (2000) in Obara (2001) found that, Microfinance institutions have come to grow during mid-1990's onwards. The aim was to provide services to urban and peri-urban as well as rural areas with low income earners some proponent of microfinance had asserted without offering credible evidences that microfinance had a power to single headedly defeat poverty. The

assertion had been the source of considerable criticism on how effective microfinance acts as tool for economic development. Ashraf& Noor on the research related to communities of Siera Leone state that, microfinance institutions do not serve the poorest hat either not given loans or drop out of the micro-credits schemes. Also the question was how borrowers often graduate from lower to middle class business or meet their promise.

2.3.8 Studies on NGOs working as Microfinance institutions in Tanzania

Beketi (2006) on the study of Lessons in building linkages for competitive and responsible entrepreneurship in Tanzania said that, The Tanzania government was also making great efforts to reform the NGOs working as Microfinance institutions in order to attract Financial Development and enhance the country's competitive position since 1992-2000 under democratic multiparty system. It had redrawn the tax codes floated the exchange rate, licensed foreign banks and created an investment promotion centre to eliminate women exploitation.

URT (2006) specified that, the most common services provided by NGOs working as Microfinance institution in Tanzania were: loans distribution, developed support services in the areas of human rights and social empowerment, education and health, economic empowerment and enterprise development, livelihood training, environmental sustainability and disaster preparedness which were commonly taking place in many districts. URT (2007) found that, the privatization policy had been reformed to ensure the small Business Entity had support.

Wangwe, & Lwakatare, (2004) on Innovation in Rural Finance in Tanzania adds that, Experience has shown that availability of financing, even small amount has a very positive impact on the family's economic condition as it helps to unlock productive

potential. Micro-finance facilities can provide a range of financial services including; credit, savings, and insurance to poor enterprises and households, offers the potential for growth and helps safeguard poor households against extreme vulnerability. Loans, savings, and insurance help out even income fluctuations and maintain consumption levels during lean period.

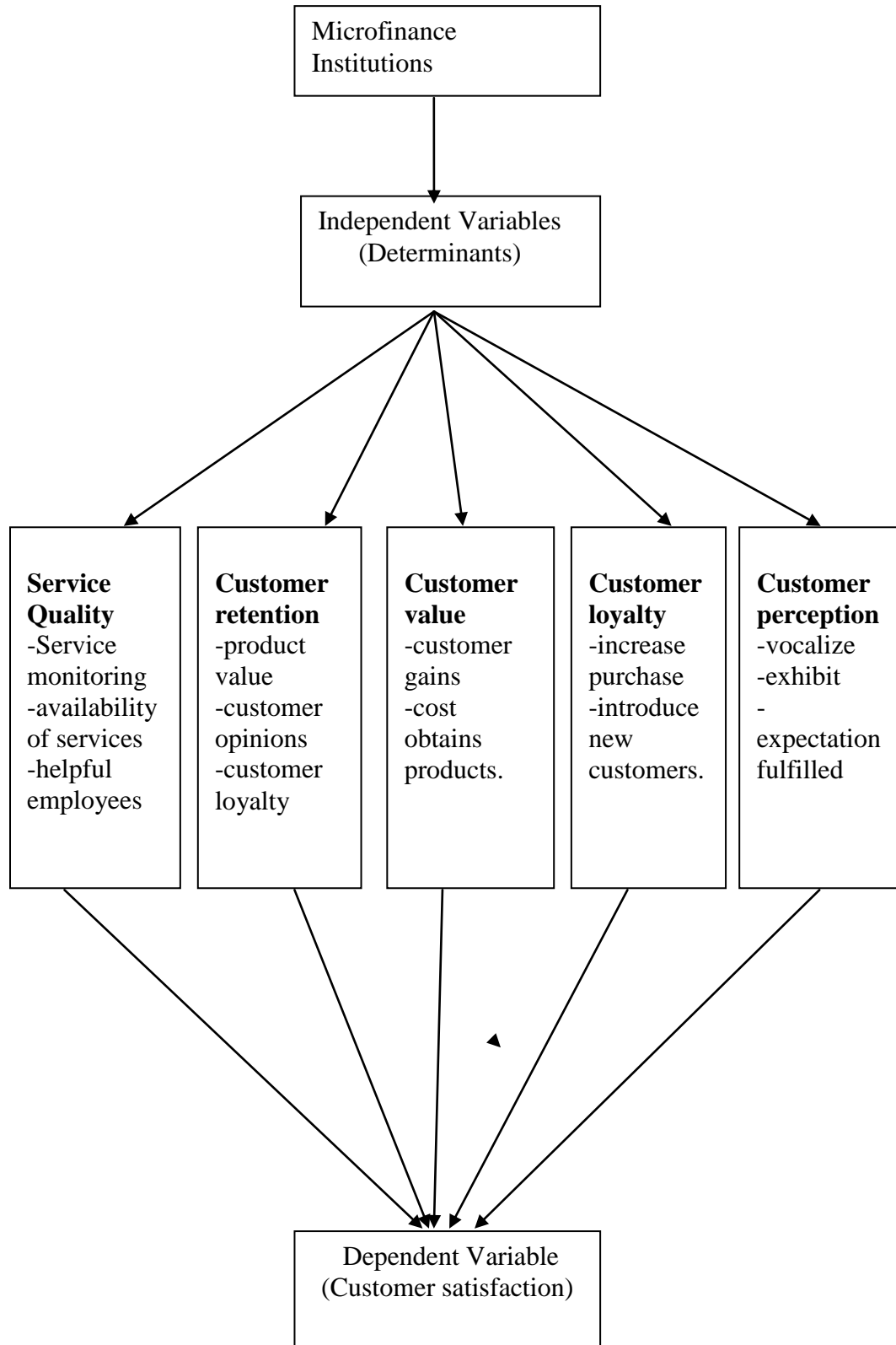
2.4 Conceptual frame work

On the basis of factor analysis the model of customer satisfaction in figure 1 is summarizing the key concept of the determinants of the customer satisfaction in NGOs working as microfinance institution.

The finance institutions should comprise all determinants which made the customer more interested and attractive to the organization. The determinants should be the only keys applied to define the appropriateness of any business institution and quality of its services to attract and at the same time make customer stay within for a long time. After having entered into a business relationship with a financial services institution, the customer maintains and continues the relationship.

Customer satisfaction stands for dependent variable and the (determinants) independent variables include: quick services, customer retention, customer value, loyalty, helpful employment, and customer perception for independent variables in the business (fig 2.2). The model had been derived and developed from Geetika's model (2008), it could be used and developed for other similar research.

Fig 2.3: The determinants of Customer Satisfaction



Source: Modified Geetika's model (2008)

However, Bowen, & Chen, (2001) said that, having satisfied customers was not enough, there must be extremely satisfied customers. This is because customer satisfaction must lead to customer loyalty. “Building customer loyalty is not a choice any longer with businesses: it’s the only way of building sustainable competitive advantage (Bansal & Gupta, 2001).

2.5. Critical Literature Review

Customer satisfaction with service provider is probably one of the most explored phenomenon in marketing literature but not easy to determine. A research conducted by Geetika *et al* (2008) in India on the determinants of customer satisfaction on service quality in Railway platforms found that, satisfaction was still treated controversially in various scientific researches: starting from its definition and finishing with its importance to long-term customer relationships with service provider. These researchers could not provide the actual reasons for customer satisfaction. Even, the data collected were very less, the response was less. The methodology adopted by the researchers was not scientifically based.

Muzamil *et al* (2010) in the study of factors affecting Customer satisfaction in Pakistan found that Price fairness and service quality are the most factors of customer satisfaction. The researcher failed to mention the value of the customer which seems to be important, rely much only on two factors such as price fairness and service quality while there are other important factors like loyalty. Not only had that, but also in his study failed to give the theory which will explain more about his study.

Ranaweera *et al*, (2003) in the study of Some Moderating Effects on the service quality- customer retention link, specifically in England, adds that customer services quality is not only the basic determinant of customer satisfaction but also loyalty and

resulting in positive financial benefits to the service provider are among the factors for customer satisfaction and may have impact on retention. The researcher was based on the interview only while the number of interviewers is big. The methodology was not scientific based, failed to discuss the service quality perception such as customer indifferent and inertia into retention model. Lastly, he based on cross sectional strategy while there are others.

Reinheld, & Sasser, (1990) did the study on *The Loyalty Effects: The Hidden Force behind Loyalty in America*. The research did not explain the negative impacts of retaining with customer for a long time, it was seen to be more positive which was not true in the real fact. Thus it failed to show validity and reliability.

2.6 Relevance of Literature

Littlefield et al (2003) on the women's empowerment through the development of Micro Entrepreneurship in Rural Bangladesh found that the poorest and ultra- poverty people are less assisted by NGOs working as Microfinance Institutions. This statement is applicable in Tanzania as over 75% of all citizens live in rural areas, the place known to be under the poverty line. Most of the NGOs are working in urban and peri-urban area thus cannot assist the poor and the ultra-poverty people.

Ashraf & Noor (2010) in his study conducted in Bangladesh found that the borrowers of micro credit do not use their loans on the predetermined goals. This study is relevant to Tanzania, since most of the business they predetermined earlier. The reason behind is that, the living costs are unpredictable due to the inflation which is rising in day to day expenses.

Rose (2011) while assessing customer satisfaction in Puma Company in India found that, the use of on line services was viable to reduce company costs. This study is very much useful to the developing countries particularly Tanzania because among the best strategy that would be helpful due to payment in cash attract fraud and theft.

Beketi (2006) on the study of Lessons in building linkages for competitive and responsible entrepreneurship revealed that the customers depend on his /her attitude as it is behavioral aspects. This is relevant to Tanzania thus many Microfinance Institutions are facing the drop out customers on the credits they are providing. There is a need to emphasize on community awareness on Entrepreneurship Education.

2.7 Knowledge Gap

The information given by various studies about customer satisfaction in NGOs working as microfinance institution has many concepts. Some researchers such as; Cacciopo,(1995), Khirallah, (2005), Kotler& Armstrong, (1997) to mention a few believe that, in order to satisfy customers, the needs should meet the customers' expectations. On the NGOs working as microfinance institution, the researchers believe that, NGOs should support the poor in alleviating poverty (Word Bank, 2009; Ashraf & Noor, 2010; &URT ,2007). While Battacharya,(2000) &Gronroos (1988) believe in measuring customer satisfaction using matrix and regression tables, Zeithamal, (1988), Parrasuraman, (1985& 1988) listed the factors to consider in assessing customer satisfaction, This factors are, customer services, customer value, customer loyalty and customer retention to mention a few.

However, it is also revealed by various studies that customer satisfaction is a complex phenomenon which needs a thorough study to determine the extent which the poor had been supported by the microfinance institutions in regarding the company's profits

(Beketi 2003, Geetika 2008 & Ashraf & Noor 2010). In marketing philosophy it is not easy to plan for others' needs at the expense of company loss (Kotler& Armstrong 1997). Therefore the study's intention was to find out the determinants of customer satisfaction in NGOs working as microfinance institution; a case study of BRAC in Dodoma Municipality

2.8 Chapter Conclusion

In conclusion, the dimensions of the perception on customer satisfaction when combined with the determinants of customer satisfaction played by different actors reveal the complexity of summarizing the key concept of the determinants of the customer satisfaction in NGOs working as microfinance institution. In addition to that, complaints and criticisms from the fields generate the need for a critical study to find out the strategies for promoting the customer satisfaction in NGOs working as microfinance institution. However, the findings would not give a single and specific formula for all NGOs working as microfinance institution, the best evidences would be useful to foster the achievement and mitigation measures would be provided for effective strategies for customer satisfaction. Hence, bring economic development to the community around the BRAC microfinance, to the national and poverty alleviation for the whole world.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter introduces an overview of the methods to be used for the research. It includes research design, population, sample size and sampling techniques/procedure, data collection and analysis.

3.2 Research design

Aczel (1995) defined research design as a framework or plan or skeleton directed towards obtaining answers to research questions. It shows the direction of the research and manner under which data are collected, analyzed, presented and interpreted. It describes the procedures for conducting the study including when, where, from whom, under which/what conditions data are collected and tools of research were used. Yin (2003) explained that research design entails a research practical guide followed in executing a research project.

The study used a case study as a research design .It is a good method when asked ‘‘how’’ and ‘‘why ’’ questions, when investigators had little control over events, and when they focused on la contemporary real life events. In brief, the case study method allows investigators to retain the holistic and meaningful characteristics of real – life events such as individual life cycles (Kothari, 2004).

It would mostly be qualitative and quantitative research design due to the nature of the problem and expected findings during data collection. Qualitative research design is when data collected consists of words in the form of description rather than numbers while quantitative research design data will be presented in numbers, figures, percentage and tables. In this study, the researcher used the method to collect data

through questionnaires, interviews and observation. Normally, this method includes large number of the people who answered due to their views, values, desires, demographic facts, and ideas about the issue of study and other types of information. The instruments that used in this research are in two folds: self-constructed and adapted one.

3.3 Population

The population is the total number of people within the area from which the information is required. The Population of this study included all members of the community in Dodoma Municipality. Population of Dodoma Municipality as the universe of the study is 157,469 (NBS 2002). The sample population of this study was community members around the branches of BRAC because they were the one with SMEs found in the area and gains were intermediated in the society. Due to the distribution of the branches in the area, this study got information from official workers (Employees) of BRAC financial institution, customers and some of the community leaders (Ten-cell leaders) around the BRAC. So, the information was taken by looking all branches of BRAC financial institution in Dodoma Municipality such as Ipagala, Kikuyu, Nkuhungu, Miyuji, and Chamwino.

3.4 Sampling procedure

The sampling procedure employed in this research was non-probability type of sampling, whereby the purposive technique was used. The technique was also employed to select other customers from which useful respondents who were not the members of BRAC financial institution were selected like community leaders, where the branches area located. This kind of non-probability sampling seemed to be more

appropriate for selection of the respondents with specialized characteristics (Kothari, 2004).

3.5 Sample size

Sample size could be defined as a number of samples whereby sample was a small part of something intended as representative of the whole (Enon, 1998). Five places were selected from Dodoma Municipality whereby BRAC branches were located. About 50 respondents were chosen for data gathering. The Sampling Unit was from individuals as customers and institution representatives who were employees.

Table 3.1 Composition of Respondents

Places	Customers	Employees	Ten cell leaders	Total
Ipagala	7	2	1	10
Kikuyu	7	2	1	10
Nkuhungu	7	2	1	10
Chamwino	7	2	1	10
Miyuji	7	2	1	10
Total	35	10	5	50

Source: Data field, 2012.

Also Interviews were conducted with Key Respondents nearby the branch in all five wards namely Miyuji, Chamwino, Nkuhungu, Ipagala, and Kikuyu. Each branch was comprising 2 Employees, 35 customers including Small Microfinance enterprises (These were individuals who had specific business like grocery, restaurants, stationary shops and transportation) and Micro loans customers whom their group had the

following features; loan repayment in small amount of weekly installment and there was no collateral needed, and 1 ten cell leader which made the total of 50 respondents.

3.6 Location

The study was carried out comparatively at Ipagala, Miyuji, Kikuyu and Chamwino areas in Dodoma Municipality. The area was selected because there were branches of BRAC. The most common services provided in these areas were distribution of loans, support services in the areas of human rights and social empowerment, education and health, economic empowerment and enterprise development, livelihood training, environmental sustainability and disaster preparedness.

Dodoma region lies at 4 to 7 latitude south and 35-37 longitude east. It is a region centrally positioned in Tanzania and is bordered by four regions namely: Manyara in the north, Morogoro in the East, Iringa in the South and Singida in the West. Much of the region is plateau raising gradually from 830 meters above the sea level in Bahi Swamp and 2000 meters above sea level in the highlands North of Kondoa. The region has five rural districts and one urban district. These are Bahi, Chamwino, Mpwapa, Kongwa, Kondoa and Dodoma urban. (NBS, 2006).

The region is the 12th largest in the country and covers an area of 41310 square kilometers equivalent to 5% of total area of Tanzania mainland. Potential land for agriculture is 3509 sq. km. Products covers livestock mainly in cattle, and crops much more in cassava, sorghum, pigeonpeas, groundnuts and maize in some areas. The region is characterized with dry savanna type of climate by long dry season starting in late April to early December and short single wet season during rain time December to March. The average raining for Dodoma is 570mm which fall in four months. Rainfall

in Dodoma is not only low but rather unpredictable which result into food shortage. This made the need of loan support to sustain the people's life.

Figure 3.1 Dodoma Region Physical Features



Source: NBS, (2009)

3.7 Methods of Data Collection

Data collection methods are tools designed to gather information in the study (Kothari, 2004). A study of this nature and its magnitude required a combination of data collection methodologies. Methods of data collection employed were including Primary and Secondary depending on the type of data as explained.

3.7.1 Primary data collection methods

Primary data for the study obtained from three main sources: questionnaire, interviewing key respondents and observation (Kothari, 2004).

3.7.1.1 Questionnaire

This was the method in research that involved the use of written down items to which the respondents individually responds in writing. (Farrant,1984). The questionnaire consisted of open-ended and closed questions, and ranking scales. Open questions allowed the individuals to respond in anyway they wished while the closed questions were pre-coded easily and saved time for both the interviewer and the respondents. A ranking scale was a form of closed question which was valuable when trying to ascertain the level of importance of a number of items. Forty five questionnaires were prepared and distributed in the areas concerned. The questions were prepared in English language and later translated in Swahili to give better chance Respondents to participate in giving their views. Forty three questionnaires were returned in time and the remaining two did not return.

3.7.1.2 Interview technique

The interview method of collecting data involved presentation of oral-verbal stimuli and reply in terms of oral-verbal responses (Kothari, 2004). This method could be used through personal interview and if possible, through telephone interviews in this study both structured and unstructured interviews were used to collect data. This technique enabled the study to collect primary data.

Also, this method gave the chance to all respondents to respond regardless their level of education. Moreover, it was flexible in the sense that the interviewer repeated questions if the respondent did not understand. Furthermore, it provided an opportunity to observe the validity of respondent's responses on the issue concerned. Lastly, it was useful for revealing information which was complex, sensitive and more ambiguous. Only five community leaders used this method

3.7.1.3 Researcher's observations

Research observation was involved for recording information from the customers' areas and microfinance institutions' officers in order to get the satisfaction of the customers. It was a useful tool for cross checking with the information obtained from the questionnaires (Gall & Borg, 2005). Observations done in the places where noted there was services provided by other institution closely related to BRAC institution. The data was recorded by using notebook and verified through discussion and interview with Key respondents.

3.7.2 Secondary data collection

Supplementary data for this study was obtained from documents, libraries and officers. Data accessed were in the form of reports, manuscripts and other documents found in office files and other collections (Kothari, 2004).

3.7.2.1 Documentary Review

Documentary review could be explained as method involving deriving information by carefully by studying written documents (Enon, 1998). Documentary review was used for gathering important information observed from the field, as noted by the researcher. For example, the researcher found the simple customer's accounts books used for loans repayment in the hands of customers which could create a room for fraud.

3.8 Validity and Reliability

The data collected was reliable and valid when obtained from reliable sources of information and handled with proper methods and proper time when collected (Gall & Borg, 2005). In applying this, the researcher ensured that the relevancy, consistency and validity of instruments to be used in data collection were assured by obtaining

information from reliable sources like; customers themselves instead of representatives in the branch centers, handled with proper methods and proper time when collected.

The instruments used for data collection were prepared under the guidance of supervisor and proof read by other experts. There was no pressure from any dominant group of interests while collecting data. The researcher interviewed each respondent privately without any interruption. Also, the information was recorded in Kiswahili language and then translated in English language initially and later the expert was consulted to avoid misinterpretation.

3.9 Ethical Measure

Scientific study ethical measures were applied to reduce biasness i.e. the researcher did not use names of respondents, respected the right of respondents on the participation and giving responses. Obeying and respecting the area's culture and report research fully and honest (Gall & Borg, 2005). To ensure there was no bias the researcher observed codes and the right of respondents and depended on individual volunteering to participate. Also, research rapport was applied in the interview. All administrative levels concerned were consulted.

3.10 Data Analysis

This study deployed quantitative data analysis and qualitative analysis was partially used. Furthermore, Ezzy (2002) steps of content analysis were followed; starting with identification of the population from which the units were sampled; next defining the units of analysis and the categories into which contents were placed. Then, reviewing each unit of analysis and categorize it according to predefined categories; and the final stage was the interpretation of results.

3.11 Chapter Conclusion

In conclusion, the methods designed for the study were assistances to gather realities from the field for the purpose of the study. The truth would remain that, “*customer services quality is not only the basic determinant of customer satisfaction and resulting in positive financial benefits but also is among the factors for customer satisfaction and may have impact depending on individual efforts*”(Raneweera, 2003).

The same would apply to customers for customer satisfaction and financial benefits to the service provided;it needed efforts of all members of the community and an individual who had a notion in mind insisting on poverty alleviation

CHAPTER FOUR

DATA PRESENTATION ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents analyses and discusses the research findings based on the three research objectives which guided the study. The objectives are namely: (i) to determine the extent to which customers were satisfied to the NGO's working as Microfinance Institution. (ii) To find out what factors determined customer satisfaction on services rendered by NGO's working as Microfinance Institution (iii) to find out the effective strategies used for increasing customer satisfaction in NGO's working as Microfinance institution.

4.2 Data Presentation

4.2.1 Preliminary information

The research was conducted in Dodoma Municipality where BRAC had five branches located in different wards in the study area. There were several kinds of services provided such as services in the areas of human rights and social empowerment, education and health, economic empowerment and enterprise development, livelihood training, environmental sustainability and disaster preparedness. These services were provided to help poor people to come with strategies for making a business profitable by selecting potential entrepreneurs and enterprises, though they are based much on loans.

The researcher used questionnaires to investigate some information from the employees, ten cell leaders and customers. However while collecting questionnaires, some probing questions were interviewed. Among the interviewed questions were why members are not above 15? This was the question which was given to customers and

employees. Also from employees of BRAC institution, the question arose on why do employees suggest the payments to be in banks? The answers of all the questions are presented in suggestions and some helped the researcher to make conclusion while some of the answers are presented.

In addition to that, the researcher had another probing question to know which criteria were specified for the loans provision in micro loans. The criteria were: low income women especially in micro loans, low education. Most of these groups had loan repayment in small amount of weekly installments. There was no collateral needed only for those macro loans customers, had to register their business and should have tax identification number (TIN).

The BRAC institution to make sure the aim was achieved it had grouped the community services into various programs. There were three categories of loan programs such as Empowerment Livelihood for Adolescents (ELA) for young orphans, Microfinance (MF) for women micro loans, and Micro Enterprises Lending and Assistance (MELA) for macro loans of customers with enterprises.

4.2.1.1 Empowerment Livelihood for Adolescents (ELA)

This was the special program that was introduced recently to make sure those disadvantaged adolescents are getting loans. It was a special program for those orphan girls to make sure they were empowered to start business. Some of them were engaging in tailoring machines and others with petty business. The service was provided to them through their respective groups. This program was only at the headquarter branch.

4.2.1.2 Macro Enterprises Lending and Assistance (MELA)

This was another program that was introduced to help the smallest group of individuals who had started any business that could perform any services. The business had to provide services or products in order to employ or serve the members of the community around that enterprise. The focus on such enterprises to be supported by BRAC was to improve the living standards of the community around the branches.

4.2.1.3 Microfinance loans (MF)

This was the fundamental program for BRAC as it was providing loans for women as the basic purpose of the institutions. Women were supported in their respective groups. The group had not more than 15 women and not less than 6 customers/people.

The findings as it is revealed in table 4.1 shows the numbers of the customers in all programs.

Table 4.1: Programs of loans

Programs	Customers
Empowerment Livelihood for Adolescences (ELA)	210
Macro Enterprises Lending and Assistance (MELA)	124
Microfinance Loans(MF)	1260

Source: Field data (2012)

From the findings, it was revealed that the institution provided loans for three categories such loans for adolescence (ELA), Microfinance for macro loans (MELA) and micro loans for the customers. There were members over 1000 in Micro loans though they were in their respective groups. There were also customers getting macro

loans and were used in small enterprises which comprises a number of 124 clients/customers. In this category, customers lied in the individuality.

Customers with micro loans were given in small amounts hence the group was answerable for each member for the sake of money control. Their range started from 250000/= TSHS up to 1500000/= TSHS. In macro loans the individuals were given 1,200,000/= TSHS up to 20,000,000/=TSHS for their small enterprises. The macro loans category was preferable for an individual who had specified business like grocery, tailoring, clothing retail arguments, restaurants, poultry, wood products, stationeries and transportations.

Also, it could be seen that BRAC was among the institutions which provided services that influenced the customer satisfaction. Among many, the **provision of loans** to the disadvantaged groups like women and orphans could be taken as evidence. This was also supported by (World Bank, 2000) in the Millennium Developmental Goals (MDGs) as one of the global economic agenda on the poverty alleviation. Also it has potentially **assisted the poor** to make significant strides to reduce vulnerability and improving their livelihood (Littlefield et al, 2003). Nevertheless, it had managed to provide loans for the poor people without asking for **collateral** (Wangwe &Lwakatare, 2004).

4.2.2 Group Category of loans

Table 4.2: Categories of loans

Respondents	Microloans	Percentage	Macro loans	Percentage
Ipagala branch	76	22	30	24
Kikuyu branch	70	20	24	19
Chamwino branch	75	22	21	17
Nkuhungu branch	50	15	26	21
Miyuji branch	73	21	23	19
Total	344	100	124	100

Source: Field data (2012)

From the findings, it could be seen that, Ipagala branch had high percentage of customers. This was because the area had high coverage and it was the centre of all the branches of BRAC microfinance institution and many residents were aware of services, and were able to organize themselves in groups. Not only Ipagala branch had high percentage of customers but also Chamwino branch did so, because of wide coverage and many residents are of low income (housewives).

The issue of saving's mobilization around the community was not easy because much of small earnings were used for the living cost. That was the reason for high turn-up in member groups in BRAC rather than individuals who had small micro enterprises in macro loan. In spite of the fact that microfinance institutions had been the solution. Since microfinance institutions do not ask for collaterals. This was also said as:

“...assist the very or exceptionally poor in expanding or establishing their businesses. It is mostly used in developing economies where SMEs

do not have access to other sources of financial assistance...”
(Robinson, 1998).

4.3 Characteristics of the Respondents

4.3.1 Gender Distribution of respondents

In this study, 50 respondents were involved. There were three groups such as; 5 Ten-cell leaders representing community leaders, 10 BRAC employees and 35 customers. Findings from data collection show that, out of 50 respondents 40(80%) were female and 10(20%) were male. Though two of them did not return the questionnaires in time, the researcher found other two as representatives.

Table 4.3 Gender distribution

Gender	Respondents	Percentage (%)
Male	10	20%
Female	40	80%
Total	50	100%

Source: Field data (2012)

This implies there was gender imbalance; that is unequal proportion of Male and Females (cf. table 4.3). The researcher found difficult for gender balance due to the fact that over 98% of the institution’s goal aimed to support the disadvantaged ones especially women.

Even in the new program of supporting the orphans in the area development (ADP), the adolescent girls (adults) were supported with loans. Therefore the remaining group with Males and females were from Macro loans (small enterprises) where two male respondents were selected. This category had 0.8% of all customers in the institution,

which could not comprise more than three respondents. Also in towns there was gender empowerment rather than gender sensitivity practiced in villages. Thus 2 ten cell leaders were also females.

4.3.2 Marital status of respondents

Table 4.4 Marital status

Marital status	Respondents	Percentage %
Single	3	6
Married	42	84
Widow	5	10
Total	50	100

Source: Field data (2012)

From the findings, 42(84%) respondents were married and only 3(6%) were single, while 5(10%) were widow in the sampled population. However it should be noted that most of the customers were women who got micro loans so as to improve their life standard.

4.3.3 Age of Respondents

It was observed that 34(68%) of the respondents were between 31 and 40 years. It could also be noted that 8% of the respondents were between 51 and 60 while none was below 20 of the age and above the age of 60. This indicates that the customers doing business with BRAC are women who are middle age as a working force for the nation.

Table 4.5 Distribution of Respondents' ages

Years	Respondents	Percentage %
21-30	6	12
31-40	34	68
41-50	6	12
51-60	4	8
Total	50	100

Source: Field data (2012)

4.3.4 Residence of respondents

The researcher was also interested on the residence of the respondents to see if the residential characteristics had impact on loan repayment. From the findings, 35(70%) of the sample population selected was permanent resident as represented in table4.6. Also 15(30%) of respondents were temporary. The implication was that, 70% of the respondents around branches of BRAC were permanent residents.

Table 4.6 Residence of Respondents

Residential	Respondents	Percentage %
Permanent	35	70
Temporary	15	30
Total	50	100

Source: Field data (2012)

Although it was expected to be easy for collecting customer's information and loans, this was not the reason for the customers who were not loyal. They shift from one place to another for the pretence that the business was not good in their area.

4.3.5 Education level of respondents

Table 4.7 Education level

Education level	Respondents	Percentage %
College/ university level	10	20
Advanced level	2	4
Ordinary level	8	16
Standard seven	30	60
Total	50	100

Source: Field data (2012)

Of all respondents, 10(20%) had College/University levels of Education while 2(4%) respondents had ordinary secondary level. 30(60%) of the respondents whose education level was standard seven leavers, represented a large number of customers. This implies that, BRAC institution was serving most of respondents with lower education.

This had the close relationship to low income that's why they decided to go for loans to improve their living standards. It is a credit to the institution that, it served the customer satisfaction as the lower the education the lower the income as said by Ledger wood, (1999) in the Cameroonian context.

4.3.6 Occupation of respondents

Table 4.8 Occupation

Occupation	Respondents	Percentage %
Employees	10	20
Ten- cell leaders	5	10
Small Medium Enterprises (SMEs)	35	70
Total	50	100

Source: Field data (2012)

From the findings, 5(10%) respondents were managers, 5(10%) were Accountants (BRAC Employees) and 5(10%) of Ten-cell leaders all were self employed. And 35(70%) respondents of customers were in Small Medium Enterprises (SMEs). However, the levels of their business differed due to the amount of the investment.

This also implies that, BRAC institution was serving most of respondents who had no other permanent occupations. It had the close relationship also, to low income that's why they decided to go for loans to improve their business investment. It is a credit to the institution that, it served the customer satisfaction as the lower the investment level, the higher the poverty rate. This was also seen in Pakistan, as:

“...Customer satisfaction is considered as a prerequisite for customer retention and loyalty, and obviously helps in realizing economic goals like profitability, market share, return on investment just to mention a few...” (Sureshchandra et al, (2002) & Muhammad et al, (2011).

4.4 Objective one: To determine the extent to which customers were satisfied to the NGO's working as Microfinance institution.

4.4.1 General View

The researcher investigated the extent to which customers were satisfied to the NGO's working as Microfinance institution due to the services offered by the company. This objective aimed to determine how customers were satisfied. The investigation was conducted through the administering of questionnaires to ten-cell leaders and customers, and interview to the institution's staffs. The frequencies are given in the respondents' categories below.

4.4.2 Views of Customers

Table 4.9 Customers' Satisfaction Levels

Level of satisfaction	Respondents	Percentages %
Extremely satisfied	2	6
Satisfied	31	88
Indifferent	2	6
Dissatisfied	0	0
Total	35	100

Source: field data (2012)

Based on this item, most of the customers responses indicated were satisfied. Table 4.9 shows that, 31(88%) customers were satisfied and 6% were extremely satisfied with the services offered by the institution instead of dissatisfied. 2 customers represent 6% were not much satisfied/indifferent. In all 5 branches, there was no any customer who

said about dissatisfaction. This indicated that most of customers were satisfied that's why they are remaining with the institution.

4.4.3 Views of Employees

Table 4.10 Employees' Responses on Customers' Satisfaction levels

Level of satisfaction	Respondents	Percentages %
Extremely satisfied	7	70
Satisfied	3	30
Indifferent	0	0
Dissatisfied	0	0
Total	10	100

Source: Field data (2012)

The findings show that, 10 respondents represent employees were talking about how customers were satisfied. Whereby all respondents to this item agreed that customers were extremely satisfied to 7(70%) and satisfied to 3(30%). This means, all employees assured that customers were provided with the good services by the institution.

4.4.4 Views of Ten cell leaders

This fact was also explained by Ten-cell leaders when responding to the questionnaires, to make sure the communities had the say on the satisfaction of the services provided by BRAC. Their response was 4(80%) of ten-cell leaders said that customers were satisfied, whereby only 1(2%) leader said customers were extremely satisfied with the services offered by the institution. their argument was that the institution was providing good services, which mainly based on loans so as to empower women for Small Medium Enterprises (SMEs).

Table 4.11 Leaders' Responses on Customers' Satisfaction levels

Level of satisfaction	Respondents; N=5	Percentage %
Extremely satisfied	1	2
Satisfied	4	80
Indifferent	0	0
Dissatisfied	0	0
Total	5	82

Source: Field data (2012)

This implies that all categories of Respondents were satisfied with the services provided by BRAC Microfinance institution, though at different levels. Satisfied was highly rated by the respondents from all 5 branches. The argument is closely linked to service quality as one of the determinant of customer satisfaction as argued:

“The relationship between expectation, perceived service quality and customers satisfaction have been investigated and found that, there is a close relationship between expectation, perceived service quality and customers satisfaction. The higher level of perceived service quality results in increased customer satisfaction. When perceived service quality is less than expected service, customer would be dissatisfied...”
(Nadiri, et al 2009)

The study found that service quality was the factor which affects most because services provided by the institution were enough for customers to stand on their own and start business. This helps them to empower their life standards.

4.5 Objective two: To find out what Factors determined customer satisfaction on the service rendered by NGOs working as Microfinance institution.

In this objective the researcher intended to find out what Factors determined customer satisfaction on the service rendered by in BRAC Microfinance institution. There were various questions for both customers and services providers (BRAC employees) including ten cell leaders as community political and administrative leaders. They responded to determine the existence of service quality, customer value, customer retention and customer loyalty at BRAC, as factors for customer satisfaction. For further investigation of each determinant the responses were as follow:

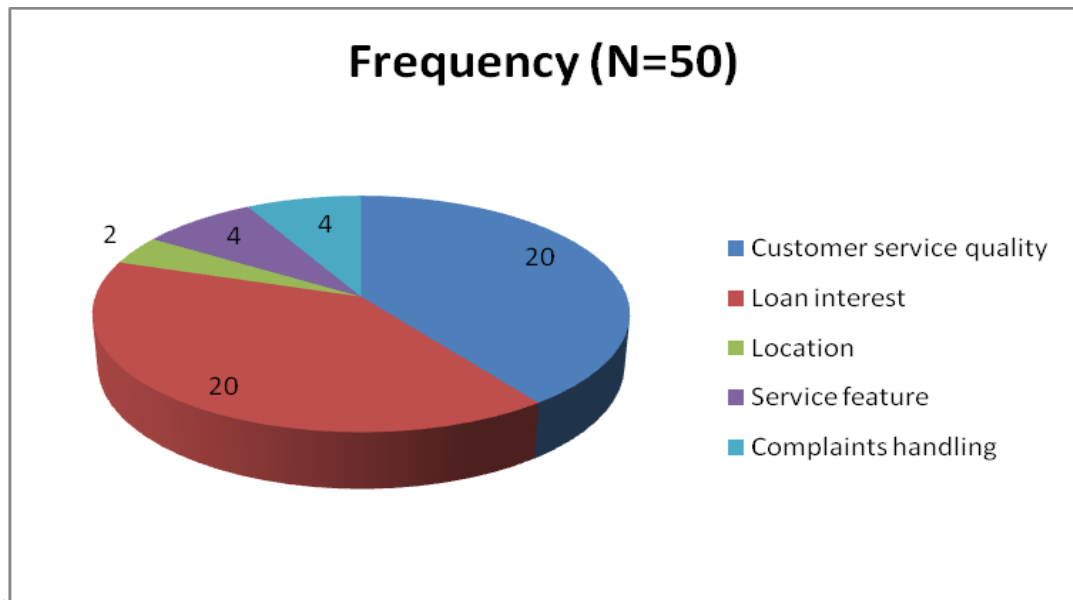
What factors that influence customers' interest to customer satisfaction in BRAC Microfinance institution? The frequencies are given in the respondents' categories below.

Table 4.12 Factors Influencing Customer Satisfaction

Factors influencing customer satisfaction	Customers (N=35)	Employees (N=10)	Ten-cell Leaders (N=5)
Service quality	13 (37%)	4 (40%)	3 (60%)
Loan interest	17 (49%)	2 (20%)	1 (20%)
Location	2 (6%)	0 (0%)	0(0%)
Service feature	3 (8%)	0 (0%)	1 (20%)
Complaints handling	0 (0%)	4 (40%)	0 (0%)
Total	35 (100%)	10 (100%)	5 (100%)

Source: Field data (2012)

Figure4.1 Factors Influencing Customers Interest to Customer Satisfaction



Source: Field data (2012)

4.5.1 Loan Interest.

4.5.1.1 Views of customers on loan interest

The customers while responding to this item they supported it by 17(49%) which is almost 50% of all customers. This implies that the main factor for the customers to be satisfied at BRAC institution was the loan interest. Further investigation found that the loan interest was below 2% for the women groups.

4.5.1.2 Views of Employees on loan interest

Based to the loan interest it was not much supported by the employees, though 2(20%) was among the support of its satisfaction to customers. The main aim of any loan is to provide finance and support the predetermined goals. For BRAC this was done purposely to provide loan for capital for those poorest: low income men and women who had serious hindrances in getting success to formal financial institutions.

4.5.1.3 Views of Ten-cell leaders on loan interest

There was only 1 ten-cell leader who supported the item by 20% of all 5 ten cell leaders. This meant that, there were also other community leaders who had knowledge on the loan interest as the basic factor for customer satisfaction.

Since BRAC aims to build resources around the community, it seems to be a big supportive of 40% from all respondents. So it is believed that BRAC is among the most important microfinance that helps to support poor and disadvantaged groups to develop businesses. It is from the range of gains from both customers and institution whereby **customer value can be assessed**. This is also said by (Bolton & Drew (1991), Cronin & Taylor (1992; 1994): “...*perceived value as a compression between price or charges paid for the services the customer as sacrifice of the money and utility derived by service perception.*”

4.5.2 Service Quality

4.5.2.1 Views of customers on service quality

From the findings was shown that 13(37%) customers' respondents were supporting the quality of services provided by the BRAC institution. This implies that there were also better services offered by the institution like seminars before, within and after loans so as to make sure customers are aware of their money uses. Also weekly pay installment was done near the group members area to avoid transport costs.

4.5.2.2 Views of Employees on service quality

The findings indicated that 4(40%) of 10 respondents were employees of the BRAC organization. They agreed that the services which were provided to customers were one of the factors that determined the level of customer satisfaction. This was well observed by the researcher during data collection. Employees were obliged to go

around the community for money collection. Though, this could be risky for employees and for the money as the area was not safe.

4.5.2.3 Views of Ten cell leaders on service quality

For service quality, 3(60%) of 5 Ten-cell leaders respondents agreed on the services provided as one of the determinants of customer satisfaction .This implies that there were services seen not only to customers to be satisfied even to the community leaders. Services such as seminars, workshops, saving for future were among the services provided by the BRAC institution.

The implication of good services is one way to ensure that the company gain competitive advantage as the higher the company gain as said by Muhamad et al (2011):

“...there is positive relationship between service quality and customer satisfaction. The construct of a service quality like compliance, assurance empathy and representativeness in today’s world is of powerful competition. It is believed that, the key to sustainable competitive advantages lie in delivering high quality service that would turn into satisfied customers. The service quality defined the extent of the demand in which customer could seek.”

4.5.3 Retention

The questionnaire was not directly assessing the word retention to respondents but through the question; how long have you been with BRAC (customers), how long customers have been with BRAC (Employees),how long has BRAC been in your area (Ten cell leaders) the time bound would express the time limit for customer retention as one of the factor. The frequencies are given in the respondents’ categories below.

4.5.3.1 Views of customers on Retention

The findings shows that, 3(9%) of customers respondents have been with BRAC for 6-12 months, 5(14%) have been with BRAC for 12-24 months and 27(77%) have been with BRAC for 24months and above.

Table 4.13: Customers on how long they have been with BRAC

Months	Respondents	Percentage %
1-6 months	0	0
6-12 months	3	9
12-24 months	5	14
24 months and above	27	77
Total	35	100

Source: Field data (2012)

4.5.3.2 Views of Employees on Retention

Again, the findings shows that 2(20%) employees respondents supporting on how long the customers had stayed with BRAC for 6-12 months, 2(20%) for 12-24 months and 6(60%) said, they have been with BRAC for 24months and above.

Table 4.14: Employees on how long have customers been with BRAC

Months	Respondents	Percentage %
1-6 months	0	0
6-12 months	2	20
12-24 months	2	20
24 months and above	6	60
Total	10	100

Source: field data, 2012

4.5.3.3 Views of Ten cell leaders on Retention

The findings shows that 1(20%) ten cell leader agreed that , he has been with BRAC for 6-12 months, 2(40%) for 12-24 months and 2(40%) have been with BRAC for 24months and above. In this matter, customers seemed to be happy and satisfied with the services offered that's why they remained with the company over 24 months.

Table 4.15: Ten-cell leaders on how long has BRAC been in their area.

Months	Respondents	Percentage %
1-6 months	0	0
6-12 months	1	20
12-24 months	2	40
24 months and above	2	40
Total	5	100

Source: field data, 2012

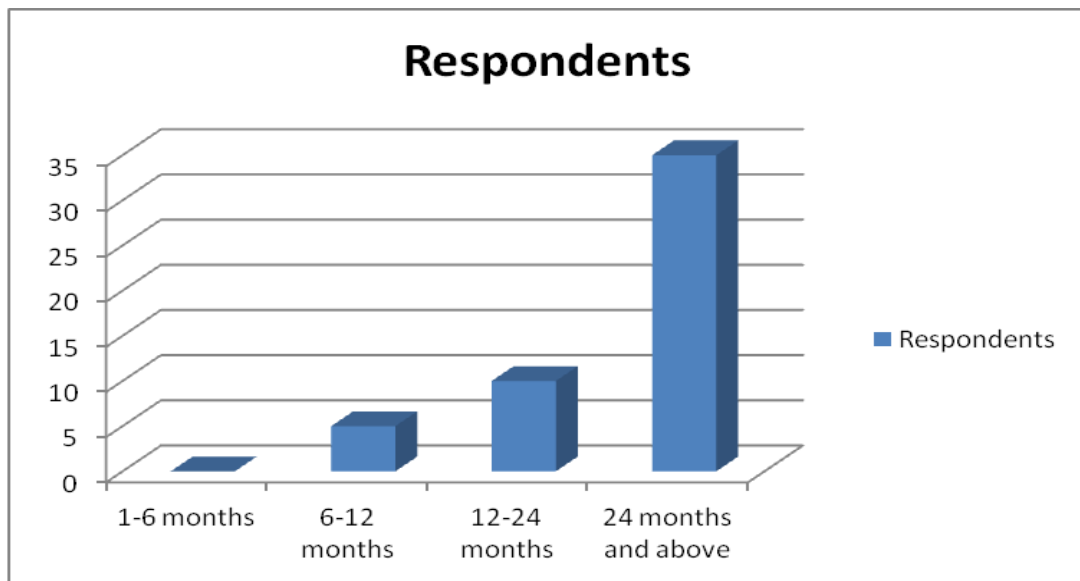
This implies that to be with one company over one year indicates that there was some level of customer satisfaction. Above 90% was over one year, the fact that the clients were handled carefully through the entire lifetime of the relationship as (Reichard: 1996) and other researchers said:

“The real indication for the retention is not customer perception, but customer action...” “...repeat business, purchasing ancillary services, recommendation to other, willingness to pay premium price and frequently of purchasing are the indicators of the customer retention. These factors can be easily quantified and measured by the dollar’s value of each action...” (Daukin&Reichheld (1990).

Moreover, it helps the company to minimize the holding costs, this was also seen in India as Sureshchandra et al, 2002 said:

“Customer satisfaction is considered as a prerequisite for customer retention and loyalty, and obviously helps in realizing economic goals like profitability, market share, return on investment just to mention a few...” (Sureshchandra et al, 2002).

Fig 4.2. The period of time customers have been with BRAC



Source: Field Data (2012)

4.5.4. Loyalty

This item was investigated by asking the respondents on how they came to know BRAC. The findings revealed that, the pioneers got the information from advertisement and others from friends. The frequencies are given in the respondents' categories below.

4.5.4.1 View of customers

The findings indicated that 29(83%) of customers came to know BRAC through friends and 6(17%) noticed through advertisement. While none of respondents got information through website and radio/television.

Table 4.16 Customers' Opinion on How They Came to Know BRAC.

Information through	Respondents	Percentage %
Friends	29	83
Websites	0	0
Advertising	6	17
Radio/ television	0	0
Total	35	100

Source: Field data, 2012

4.5.4.2 Views of Employees

The findings showed that, 8(80%) of the employees came to know BRAC through friends and 2(20%) noticed it through advertisement. When the researcher was in the field, she observed the existence of a few number of new employees.

Table 4.17 Employees view on how customers came to know BRAC

Information through	Respondents	Percentage %
Friends	2	20
Websites	0	0
Advertising	8	80
Radio/ television	0	0
Total	10	100

Source: Field data, 2012

Thus it could be evident that the organization satisfied the clients including employees.

As it was seen in the research done in Puma Company:

“...Some organizations emphasize that they enjoy significantly enhanced customer service while other focus on the personalized messaging they use to up-sell their customers, and some stress how they use billing to foster the brand loyalty...”(Rose, 2011).

4.5.4.3 Views of Ten cell leaders

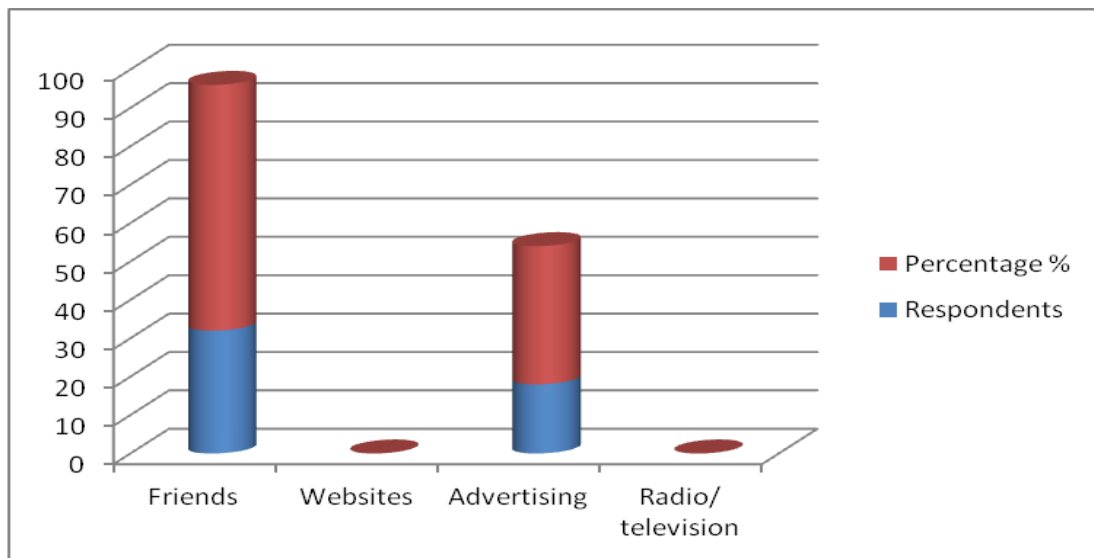
Table 4.18 indicates that 1 out of 5 respondents represent 20% said that customers came to know BRAC through friends. 6 respondents represent 17% got information through advertisement whereby Ten-cell leaders were given those advertisements by BRAC so as to notify the company. Then some of the customers after knowing the institution went to tell their friends who were interested but not aware with the company.

Table 4.18: Ten cell leaders on how customers came to know BRAC

Information through	Respondents	Percentage %
Friends	1	20
Websites	0	0
Advertising	4	80
Radio/ television	0	0
Total	5	100

Source: Field data (2012)

Fig 4.3: The information showing how respondents came to know BRAC.



Source: Field data (2012)

This implies that the level of customer satisfaction in the customer loyalty as one of the determinant was highly achieved. Since above 32(64%) respondents got the information through friends. This implied the fact that, those customers who were pioneers were satisfied by the services provided by the institutions thus told their fellow friends. To develop and be successful within an organization, it must be in a

place to recognized high successors. Malhotra, (1999) suggested that, customer satisfaction will be attained only if offered reasonable and unexpected reward. Employees at all level within an organization want to be recognized for their efforts and accomplishment.

A company's customer satisfaction metrics are a superset of the customer perception regarding their people, products, and the process. At aggregate level, customer satisfaction metric have no value. The first thing to note here is to understand drivers of the customer satisfaction at granular levels by agent, by product, by process or transaction type. Second thing is taking timely action to improve them as some researchers said:

“...Understanding the driver of the customer satisfaction at granular level and taking timely action to improve them in away customer notice create and drives customer retention, it is used to assess the actual benefits of service...” (Kumbrah V, 2011).

However customer loyalty is the two ways traffic as sometimes depends on the service provided and on the other hand it depends on the customers' behavior as it was seen in various literatures:

“Having a loyal customer is a great asset to ensure long term growth of a company. Thus, the key is to match customer expectations with company performance (Kotler, 1997), as satisfied customer make repeat purchases and tell others about their good experience with the product or service” (URT, 2007).

To get more insight on this item the researcher had the open ended question to know the most challenging issue.

a) Challenges Facing Customer Loyalty

Again the findings revealed that there were three most alarming challenges as revealed by the findings. These were namely as; (i) **Unknown business**, (ii) **Delaying Loans Repayments** and (iii) **Considering Integrated Approach to Clients**. The challenges which were mentioned, their frequencies were given in the respondents' categories below (cf. tables 4.19, 4.20 & 4.21)

1. Unknown business

Any business needs situational analysis before starting operations. The main aim of BRAC institution was to provide loans that would support the community around in providing services or products from the borrowers. It was difficult to identify the real business that operated typically for services used by local community; as many businesses were market oriented interested in profit making. The borrower might take the loans and move the business in another community not with that around BRAC branch.

Table 4.19: Frequencies of the Unknown Business Challenge

Respondents	Unknown Business challenge	Percentage %
Customers	8	67
Employees	1	8
Ten-cell leaders	3	25
Total	12	100

Source: Field data, 2012

The researcher suggested introducing letters of appreciation to those who could be loyal to the company rules so that they might be supported by other institutions as the key introduction for their loyalty. This was also detected by Malhotra, (1999) and suggested that:

“...to develop and be successful within an organization. It must be in a place to recognized high archivers. Customer satisfaction will be attained only if offered reasonable and unexpected reward. Employees at all level within an organization want to be recognized for their efforts and accomplishment.

2. Delaying Loans Repayments

Delaying loan repayment in small weekly installments was one of the challenges rated high by all respondents except the community leader. This is due to human behavior of cheating and being irresponsible. Mostly happened to those with unknown businesses and did not have permanent places. They shifted from one place to another without informing the group members or the institution. The use of members in a formal process of risky was the burden to the good clients who suffered at the expense of bad clients. The solution could be to find other alternative of saving before providing the services so as to reduce burden to group members.

Table 4.20: Frequencies of the Delaying Loan Repayment Challenge

Respondents	Delaying Loan Repayment	Percentage %
Customers	5	17
Employees	25	83
Ten-cell leaders	0	0
Total	30	100

Source: Data field, 2012

3. Considering Integrated Approach to Clients

The complexity of provision of financial services to clients who are not conversant in business was a big challenge to the company. It needed patience and attention to avoid excessive costs and made financial institution sustainable. Although the company provided the elementary knowledge of business handling, it still showed a gap of coping with business ethics due to poor entrepreneur skills. The solution for this could be to support the community with training for entrepreneurial and business education.

Table 4.21: Frequencies of the Considering Integrated Approach to Clients Challenge

Respondents	Consider Integral Approach	Percentage %
Customers	2	25
Employees	4	50
Ten-cell leaders	2	25
Total	8	100

Source: Field data, 2012

4.5.5 Customer Perceptions to the Extent of Customer Satisfaction

For investigation of this item, the study intended to access how do customers perceived the services provided by BRAC at its satisfaction. This item was guided with two questions.

- (a) The extent of customer satisfaction on the work of BRAC.

This perception was accessed by using the question; How do you work with BRAC?

The responses were:

Table 4.22: Respondents perception on BRAC

Responses	Customers (%)	Employees (%)	Ten-cell leaders (%)
very good	2 (6%)	7 (70%)	1 (20%)
Good	33 (94%)	3 (30%)	4 (80%)
Not so good	0 (0%)	0 (0%)	0 (0%)
Total	35	10	5

Source: Field data 2012

From the findings, it revealed that the general perception of all categories of Respondents of (BRAC) MFIs was well/good enough as all respondents were above the rate of good. While 33 customers out of 35(94%), 3(30%) employees and 4(80%) ten-cell leaders rated good. None of the respondent rated not so good.

This implies that the level of satisfaction due to the services provided by the institution satisfied its customers. This idea also came from other researchers such as: (Reynolds, 2007)

“A brand perception is also one of the important aspects in banking sector. It measures experience of the customer how he/she feels with this brand and their services...” “A perceived overall brand performance is determined by some combination of beliefs about the brand's various performance dimensions A brand perception could be important factor to service provides because, satisfied customer with brand would recommends that service to others...”

(Woodruff *et al*1983).

For further investigation the researcher noticed the short gap for the respondents to give their opinion on the responses given in their perception. The responses were; the cooperation and friendly workers, quick services, accuracy of Billing and competitive

price as what made them feel satisfied. Besides, most of them had already been explained in other questions observing the determinants and factors influencing customer satisfaction except **accuracy of billing** and **competitive price** (cf. table 4.23)

Table 4.23: Frequencies of Respondents' Opinions on their Perception □

Factors for customer satisfaction	Frequency	Percentage %
The cooperation and friendly workers	4	8
Quick services	6	12
Accuracy of Billing	18	36
Competitive price	22	44
Total	50	100

Source: Field data, 2012

4.5.6 Competitive price

This was highly rated by many respondents due to the fact that the community around the study has gained a lot from the loans and what they pay as interests. That meant the interest returned to the company enabled them to do things for their families, business and the community as a whole. The above findings show that the respondents were satisfied with price and make the organization to be in competition. This was again supported by (Healy, 1999):

“...In long term business, customer buy more and if satisfied may generate positive word of the mouth promotion for the company. Additionally long term customers also take less of the company's time and less sensitive to price change (Healy, 1999)”

For further investigation the researcher wanted to know how well the clients used the competitive advantage gained. The question, “What benefits does the community gain from BRAC?” had responses from both Employees and Ten cell leaders but to the customers, the same idea was asked as ‘what benefits do you get from BRAC? The following were there responses:

Table 4.24: Frequencies of benefits gained from the loans provided to customers

List of benefits gained	Responses of Customers	Percentage %
Pays fees for education	10	29
Improving community living standard	11	32
Encouragement towards Entrepreneurship	8	23
Increase investment into business	6	16
Total	35	100

Source: Data Field (2012)

From the findings on tables 4.24, 4.25 and 4.26 it can be noted that the improvement of living standards of the community around the BRAC branches was highly suggested by all respondents. As customers supported it by 11(32%), employees supported it by 40% and 60% of ten cell leaders agreed on it.

Table.4.25 Frequencies of benefits gained from the loans provided to customers

List of benefits gained	Responses of employees	Percentage %
Pays fees for education	5	50
Improving community living standard	4	40
Encouragement towards Entrepreneurship	1	10
Increase investment into business	0	0
Total	10	100

Source: Data field (2012)

Table. 4.26 Frequencies of benefits gained from the loans provided to customers

List of benefits gained	Responses of Ten cell Leaders	Percentage %
Pays fees for education	2	40
Improving community living standard	3	60
Encouragement towards Entrepreneurship	0	0
Increase investment into business	0	0
Total	5	100

Source: Data field (2012)

This implies that, the customers had gains from the loans that could be used for other individual, business or community services which resulted into improving their standard of living. This could owe the BRAC institution a higher grade on its customers' satisfaction as it was seen in Ghana by Malcom (2008).

“The effects of customers’ satisfaction and loyalty show that, it is one way of gaining competitive advantage. It also ensures that having a loyal customer is a great asset to ensure long term growth of a company.”

Furthermore, in Tanzanian context as it was supported by Wangwe (2004) that:

“...availability of financing, even small amount has a very positive impact on the family’s economic condition as it helps to unlock productive potential. Micro-finance facilities can provide a range of financial services including; credit, savings, and insurance to poor enterprises and households, offers the potential for growth and helps safeguard poor households against extreme vulnerability. Loans, savings, and insurance help out even income fluctuations and maintain consumption levels during lean period...”(Wangwe.S&Lwakatare.M, 2004).

4.5.7. Accuracy Billing

In addition, to get insight in which specified business attended in the area the researcher posed a short question only to 35 customers, “what is your business type?” (cf. table 4.27). This question had closely related to accuracy billing as the loan paid seemed to leave customers with something that they could serve other needs.

There were a number of businesses gathered in the fields showing how well perceived well the services provided. In all branches the number were increasingly raising at the same rates. Many of the microloans enterprises were street vendors and others were involved in gardening with 10(28%). Food groceries including cookies and fish also had 8(22%).

This implies that, the chance of being irresponsible in the loan payments was alarming as most of the borrowers were street vendors. The solution of such a problem could be having a savings account before getting the first loan. This problem was also detected in other studies like:

“...On the other hand customer loyalty refers to a deeply held commitment to re-buy or re-patronize preferred product or service consistently in the future despite situational influences and marketing efforts having the potential to cause switching behavior...”(Oliver, 1997).

Table 4.27: types of Businesses from respondents

Business	Total	Percentage (%)
Hair dressers	2	6
Street vendors	10	28
Tailoring	2	6
Groceries	1	3
Cookies	8	22
Garden	7	20
Other small business	5	14

Source: Field data, 2012

This implies that in providing loans the customer perceived they are well funded as they engage in multivariate businesses. It can be noted that many of customers had permanent places where they could be found, for instance groceries and gardens. Only 15 customers had moving business without permanent places. Thus, the indicator was that where there was a growth business, also there was community development as suggested:

“The customer value is known from the difference between the value customer gains from owning and using products and the costs of obtaining the products” (Kotler, 2003).

Not only on the value gained that helped the business to grow, but also the billing process in the institution seemed to be reasonable that helped the customers’ business

to develop. Some of the billing expenses reduced could include reducing the costs of transport, cost of materials just to mention a few as suggested by Rose, (2011):

“...Company that use approach billing with strategic goals in mind gain considerable advantages over those that do not. It is certainly important for business to recognize and focus on reducing the cost involved in the billing process, the cost of the people, materials, equipments, IT time and of course postage” Rose, (2011)

4.6 Objective three: To find out the effective Strategies used for increasing customer satisfaction in NGOs working as Microfinance institutions.

In this objective, the study wanted to investigate the best strategies that could improve the level of customer satisfaction in the real Tanzanian context. The respondents were asked to give two suggestions which were the best strategies to improve level of customer satisfaction. The responses and frequencies were given in the respondents' categories below.

Since, the respondents were giving more than one suggestions, the frequencies exceeded their respective number. The best six strategies were suggested randomly and the researcher analyzed them in their respective contents. Table 4.28 depicted the analyzed data and the frequencies.

Table 4.28 Frequencies of Strategies as Mentioned by Respondents.

Strategies	Suggested responses	customers	employee s	Ten-cell leaders	Percentage %
Entrepreneurial Education	30	23(63%)	5(50%)	2 (40%)	60
Business Ethics Education	16	10(29%)	5(50%)	1(20%)	32
Increase loans for loyal customers	14	10(29%)	2(20%)	2(40%)	28
Improve payment features	12	9(23%)	1(10%)	2(40%)	24
Situational analysis	10	6(8%)	2(20%)	2(40%)	20
Introduction of business insurances	8	2(3%)	5(50%)	1(20%)	16

Source: Field Data (2012)

4.6.1 Entrepreneurial Education

This item was the one of the best strategy mentioned by the respondents whereby its there to provide entrepreneurial education to the community. This was highly mentioned by 30 (60%) respondents from all categories. It was mostly supported by 23(63%) of the customers. The reason was to sensitize the community with entrepreneurial skills. Their arguments were indicating that people were hesitating to start business , and those who had business did not want to use the opportunity given by BRAC institution as many of the citizens had fear of debts. This could destruct the

growing speed of the business hence reduce the rate of the community development and organizational growth.

4.6.2 Business Ethics education

Another strategy rated highly was to provide business education whereby mentioned by employees of BRAC 5(50%). The reason was to enable customers to remain stable on their pre-determined goals before taking the loans. It was revealed that some customers when they had their loans, they were using the money in other excessive costs to business. Some were buying luxurious things that they could not afford first before loans. For example women were buying gold ornaments (rings, earrings).

After the extravagancy the predetermined business failed and they find themselves unable to repay the weekly installments hence get muffled of other things like mattress. This case was evident at Kikuyu branch while the researcher was collecting the questionnaire. This could bring bad impression to the institution as the action was seen as humiliation while it was not among the predetermined goals. It happened for those customers who were not loyal.

4.6.3 Increase loans for loyal customers

This was also highly mentioned twice by the ten cell leaders and the customers. 40% was higher in respect to the sample size of ten cell leaders. The main reason was to enable the loyal customers to increase their levels of loans and for the customers they felt it could motivate them.

The researcher found that, the higher level of loans was in the macro-loans which needed a customer to hold a registered business. Again, this implies that the community was in need of entrepreneurial education as those with long period of time

in the company services could rescue their accounts and move into macro-loans categories. Instead they were blaming the institution and forgot that they were responsible to use that opportunity.

4.6.4 Improve payment features

This strategy was mentioned by 24% of all respondents. The employees categories held the higher rate of frequencies due to the fear of the way they were collecting weekly repayments as they said then areas used were uncomfortable. The researcher found one group members sitting under the tree for collections (repayments of weekly installments). For sure this could attract thieves and make danger for people, money and sustainability of the company.

Furthermore, customers did not feel comfortable using short period of time in getting loans used by BRAC staffs for new members. Using that short way process could create the loop hole of corruption for the new members. To reduce that gap, the firm procedures of training should be maintained for the group sustainability and money safety. The procedure helped to maintain the time for learning from each other and omission of the group members who were not loyal.

4.6.5 Maintained Situational Analysis of customers.

This item was supported by 22% all Respondents' categories. The community leaders mentioned this as they said they were asked to help the staffs to show the members house when there was no repayment on weekly installments. Some members were not engaging in business as it seemed they cheated the institution.

On the other hand the group members were complaining with other fellow members who were engaging in more than one group for loans. Sometimes the groups were

from other financial institutions. The repayments were not easy for this kind of customers as they could not afford to pay.

The implication was that, the group members were carrying the burdens without their will. The situational analysis of the customers would maintain the records of clients to reduce fraud and the risks of the customers who are not loyal.

4.6.6 Introduce business insurance in order to improve level of customers

This was mentioned by 10 respondents represent 20% of all Respondents. Their argument was to enable the client who died before full repayment to be rescued. Unless the loans are fully repaid, the families were asked to repay the debts. The implication could bring bad impression for the institution that it is against humanity. The introduction of loans/ business insurance would secure the incidences like death and serious illness where the client could be out of the production system.

From the findings on this objective, it could be revealed that the customer satisfaction level was highly perceived. This was evident by the strategies that were mentioned by the Respondents. All strategies mentioned were aiming to improve the services provided and nobody mentioned about to close the business. The idea was already said by (Reichheld et al, 1990) in India that:

“...when the institution is doing well in the community every individual would like to become a customer of such institution .The service oriented business need to communicate and expectation it has of customers in order to efficiently deliver the services promises. Quick and accurate response to customer complaint, whether in person, by telephone or through the email removes frustrations and increase customer satisfaction. Customers get frustration once if they do not efficiently get an appropriate answer to important question.

Not only that the institution provided good services, but the aim of helping disadvantaged group like women was evidence that the institution’s services had the

elements of customer satisfaction. This was due to the fact that most women do not have collaterals to hold their loans in other microfinance institutions. This was supported by global loyal Agency (2008) by insisting that “...*the excluded groups in the area need appropriate strategies to improve the capacity to investment...*”

Furthermore, the provision of education as mentioned in the study findings is also the key strategy supported by the global loyal Agency (2008), Wangwe (2004) and Ledgerwood (1999) as the good indicator of customer satisfaction. “... *investing in education and vocational training centers would enhance business skills and increase the number of bankable projects.*”

Moreover, there are key factors to retain the customer and extending the firm such as: (i) Range of innovative products available to customers, (ii) the technical quality of delivered services (QoS) and, (iii) Competitive pricing (Robert 2008). The competitive pricing can be observed sometimes from the services provided to the community around as (URT, 2006) states:

“...the most common services provided by NGOs working as Microfinance institution in Tanzania, are loans distribution, developed support services in the areas of human rights and social empowerment, education and health, economic empowerment and enterprise development, livelihood training, environmental sustainability and disaster preparedness which are commonly taking place in many districts...”

4.7 Relevance of the findings

This study aimed to find out the determinants of customer satisfactions in NGO’s working as Microfinance institution a case study of BRAC Microfinance institution.

The three objectives namely: (i) To determine the extent to which customers were satisfied to the NGO's working as Microfinance Institution (ii) To find out what factors determine customer satisfaction on services rendered by NGO's working as Microfinance Institution (iii) To find out effective strategies used for increasing customer satisfaction in NGO's working as Microfinance Institution.

The study findings on the level of customer satisfaction revealed that, the general rate of customer satisfaction was 94% at high level and the rest 6% showed average satisfaction. Also there were two main factors which determined the customers' satisfaction. These were services quality and loan interests which made the customers perceived to be loyal and remain with the organization. There were challenges including business movement that led to low returns of loans and poor environment for loans services.

However, the early challenge of physical access as detected by Global Agency, (2008) was a problem. The findings revealed that there were many suggestions given by Respondents to use alternative ways to avoid attraction to theft, fraud and loopholes to corruption. The solution could be phone banking, sms banking, smart cards as insisted Global Loyalty Agency, and 2008).

Overall challenges; unknown business, delaying in loan repayment and considering integral approach to clients, were mentioned. The most strategy could be to provide financial literacy especially for the whole community at the basic (elementary education starting with basic financial product. This would help to build the community with entrepreneurial skills, which would help to use financing opportunity effectively. This is for the community development as well as the whole national development.

For the institutions, the findings revealed that the customers were satisfied by the loans interest and other services provided. It could be better to have thorough assessment to know what customer wants and what makes them to stay. This would help to get insights of the customers need and plan for future institutional development.

Also, the findings revealed that, the institutions like NGOs, could be better to create an environment where the customers would be aware of providing services even if the institution would be out of the project. This could be maintained by training loyal customers on how to operate the business for sustainable development.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS.

5.1 Introduction

This chapter presents the summary of the study, key findings, conclusion and recommendations. Also, it provides suggestions for further researches in the problem area. The study intended to respond to the previous study knowledge gap on the determinants for customer satisfaction in NGOs working as microfinance institutions.

5.2 Summary

5.2.1 Summary of the study

This study intended to find out the determinants of customer satisfaction in NGOs working as microfinance institution. Three research questions related to specific objectives guided the study; the questions focusing on the levels to which customer were satisfied with MFI; the factors which determined the customer satisfaction and the best strategies to be used for improving the customers' satisfaction on the NGOs working as MFI.

The data was collected from 50 respondents using questionnaires for group members, interviews for both employees and community leaders nearby the BRAC branches in the study area. The collected data was tallied and converted into percentages. The added information which could not be quantified was subjected to content analysis.

5.2.2 Summary of the Findings

This section summarizes the major findings of the study whereby general rate of customer satisfaction was high 94%; the rest 6% showed average satisfaction. There were two main factors which determined the customers' satisfaction. These were

services quality and loan interests which made the customers perceived to be loyal and remain with the organization.

The factors which influenced the determinants for customer satisfaction apart from service quality there were also; loans interest which enabled the customers to gain competitive advantage. Then, the location of the branches was around the community to reduce transportation costs. The organization employees were working around the community to collect the loans returns, which helped the customers to pay by installments. There was an evidence of handling complaints in a good manner such that, the customers were organized in their fellow groups which made easy communication.

However the study revealed that there were challenges facing the services provided by the organization which were challenging the customer loyalty. The challenges mentioned were:

Unknown business

It was revealed that, there was no situational analysis before providing loans to customers. This was among the challenge where some customers had unknown business. It was difficult to identify the real business that operated typically for services used by local community. Many businesses were market oriented interested in profit making thus could not serve the community around directly.

Delaying loans repayment

Delaying loans repayment in small weekly installments was a challenging issue. This was due to human behavior of cheating and being irresponsible. Some people shifted

from one place to another for the pretence of finding good markets. The group members left uninformed thus shouldered the burden of re-payment.

Considering integrated approach

It was revealed that the provision of loans to clients who were not conversant in business was a challenge to the organization. Clients had less education in patience and attention to avoid excessive costs and make financial institution sustainable.

Apart from that, there were gains which the individuals as well as the community benefited from the organization services there were:

- Competitive advantage. The competitive advantage for individual clients was high which made them to pay fees for their children, and increase their investment.

- Accuracy billing.

The accuracy billing which was made by the organization made the customers to improve community living standards. Customers were able to pay the bills and remain with substances for other living costs.

- Friendly and cooperation with workers. The way the customers were treated by the workers made them to improve their skills toward business and encouragement to entrepreneurship.

The investigation on the best strategies for improving the services and business as well as organization sustainability found the following:

- Provision of entrepreneurial education. This was the highly mentioned strategy as the base for all strategies. This could enable the customers to grow their business and sensitize the community to use all opportunities given by the financial institutions.
- Provision of business ethics education. The customers needed the business ethics education to remain, control and improve their businesses. This could help to reduce excessive costs by those extravagancies which cause business failure.
- Increase loans for loyal customers. This was suggested to improve the business and for loyal customers could be motivation.
- Improve payment features. The areas where the payment was done were not safe for financial business. Some groups were collecting money under trees. This could influence theft, thus it was suggested to use bank payments or electronic payments.
- Maintain situational analysis. This was suggested to maintain clients' situational analysis before providing loans. It could be helpful to reduce fraud, minimize customers who were not loyal and make the business profit to remain around the Community as the predetermined goal of BRAC.
- Introduce business insurance to the respondents had the idea of introducing business insurance in order to improve the level of customers. This could be helpful for the risk of loans, also business risks and act as collateral for the clients into unpredicted situation like death or illness where the customers could be out of production.

5.3 Conclusion

Basing on the findings of this study, it is safe to conclude that NGOs working as microfinance Institution had positive impact over life standard of the low income people who work with them leading to the impeding the effort of poverty alleviation. However, it has been found that there could be possible measures to be taken for improvement and development for the institutions as customers' satisfaction were concerned.

Specific areas could be:

- i) The higher the level of customer satisfaction was from the services provided by the institution with the low rates of loan interests which made the customers to remain with competitive advantage (surplus).
- ii) The most determining factor for customer satisfaction was the installment payments which was easy to manage. Also the services were provided around the community which enabled the clients to reduce transport costs.
- iii) Among the best strategy was to use group members as it was revealed in the field. However those customers with unknown business were shouldering the burden to the loyal customers. The solution could be, to make situational analysis before providing loans.

5.4 Recommendations

To make a sustainable community development, the Researcher has come up with the following recommendations as follow:

1. The Microfinance Institution should improve the services to the people in rural areas so that they could enjoy the opportunities given. This would attract more

people to work with them and minimize the level of unemployment not only in the study area but even in the whole country.

2. Although the service quality and loan interests had the influence to customers to join MFI, the institutional managements should also put forward the better way of handling the complainant of the customers. This could help to build warm and better relationship between MFI and members of the community to work together.
3. Services on loan payment should be improved to be in computerized system. This could help the competition with other organizations in this world of science and technology.
4. Communication system should be improved to make sure every individual to get information on the services available to the institution. The use of radio, television and website would increase the information coverage worldwide.
5. Government should support the NGOs to make a situational analysis so as to understand the characteristics, behavior and economic status of the community. This could help to know the extent which the NGOs could to... ups for proper development due to the level of the community.
6. Low income people as the principal customers of the micro finance Institutions should be given knowledge on the better way of working with the small entrepreneur industries. These include the knowledge on the better and profitable business, their loan control and the importance of repaying on time for the sustainability of the Institutions.

5.4.1 Areas for Further Study

- How the poorest that are not either given loans or drop out of the credit schemes improve their standard of living and satisfy their needs.
- Assessing the extent to which situational analysis is done so as to minimize chances of clients to operate with more than one micro-credit.
- A though rough study should address the current customer behavioral changes due to globalization and its impact on customer satisfaction.
- Detailed study should be conducted on the extent to which the community is well organized on the entrepreneurship and business awareness

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Appendix I

DETERMINANTS OF CUSTOMER SATISFACTIONS IN NGOs

WORKING AS MICROFINANCE INSTITUTION - A CASE STUDY OF

BRAC: DODOMA MUNICIPALITY, TANZANIA.

Open ended questions (Interview) for data collection

1. Form

No.....

2. Location (branch).....

3. Date of data

collection.....

4. Name of

respondent.....

Community Leader(Ten cell leaders) only.

Fill as appropriate.

5. Gender 6. Age..... 7. Residence (Permanent,
Temporary)..... 8. Education level9.Occupation
.....

Circle (O) the appropriate answer for the following questions.

10. What can you say about customer satisfaction in BRAC Microfinance
Institution?

- i) Extremely satisfied
- ii) Satisfied
- iii) Indifferent

iv) Dissatisfied

11. How long has BRAC Institution been in your area?

i)) 1 – 6 months

ii) 6 – 12 months

iii) 12 – 24 months

iv) 24 and above

12. What factors influenced customer interest to customer satisfaction in BRAC Microfinance institution?

i) Customer care

ii) Loans interest

iii) Location

iv) Service feature

v) Complaints handling

13. How customers came to know BRAC is working?

i) Through friends

ii) Through website

iii) Through magazine advertisement

iv) Through radio/Television

14. How do you work with BRAC?

i) Good

ii) Very good

iii) Not so good

b) Give one reason for your answer above

.....
.....
...

15. What benefits does the community gain from BRAC?

i) Pay fees for Education

ii) Improving Community living standard

iii) Encouragement towards Entrepreneurship

iv) Increase investment into business.

16. What do you think is the most challenge that face BRAC institution?

.....
.....
.....

17. Suggest 2 best strategies to improve customer satisfaction of BRAC Institution?

i).....

ii).....

Appendix II

DETERMINANTS OF CUSTOMER SATISFACTIONS IN NGOs

WORKING AS MICROFINANCE INSTITUTION - A CASE STUDY OF

BRAC: DODOMA MUNICIPALITY, TANZANIA.

Questionnaires for data collection

1. Form

No.....

2. Location (branch).....

3. Date of data

collection.....

4. Name of

respondent.....

Customers only

Fill as appropriate.

5. Gender 6. Age..... 7. Residence (Permanent,
Temporary)..... 8. Education level9.Occupation
.....

Circle (O) the appropriate answer for the following questions.

10. What can you say about customer satisfaction in BRAC Microfinance
Institution?

i) Extremely satisfied

ii) Satisfied

iii) Indifferent

iv) Dissatisfied

11. How long have you been with BRAC Institution?

i) 1 – 6 months

ii) – 12 months

iii) 12 – 24 months

iv) 24 and above

12 What factors influenced your interest to customer satisfaction in BRAC Microfinance institution?

i) Customer care

ii) Loans interest

iii) Location

iv) Service feature

v) Complaints handling

13. How you came to know BRAC is working?

i) Through friends

ii) Through website

iii) Through magazine advertisement

iv) Through radio/Television

14. What is your relation with BRAC?

i) Good

ii) Very good

iii) Not so good

b) Give one reason for your answer above

.....
.....
.....

15. What benefits do you get from BRAC Microfinance institution?

- i. Pay fees for Education
- ii. Improving Community living standard
- iii. Encouragement towards Entrepreneurship
- iv. Increase investment into business.

16. What is your business type?

.....
.....
.....

17. What do you think is the most challenge that face BRAC institution?

.....
.....
.....

18. Suggest 2 best strategies to improve customer satisfaction of BRAC Institution?

- i).....
- ii).....

Appendix III

DETERMINANTS OF CUSTOMER SATISFACTIONS IN NGOs

WORKING AS MICROFINANCE INSTITUTION - A CASE STUDY OF

BRAC: DODOMA MUNICIPALITY, TANZANIA.

Questionnaires for data collection

1. Form

No.....

2. Location (branch).....

3. Date of data

collection.....

4. Name of

respondent.....

BRAC Staffs only

Fill as appropriate.

5. Gender 6. Age..... 7. Residence (Permanent,
Temporary)..... 8. Education level9.Occupation
.....

Circle (o) the appropriate answer for the following questions.

10. What can you say about customer satisfaction in BRAC Microfinance institution?

i) Extremely satisfied

ii) Satisfied

iii) Indifferent

iv) Dissatisfied

11. How long have customers been with BRAC Institution

- i) 1 – 6 months
- ii) 7– 12 months
- iii) 12 – 24 months
- iv) 24 and above

12. What factors influenced customers interest to customer satisfaction in BRAC Microfinance institution?

- i) Customer care
- ii) Loans interest
- iii) Location
- iv) Service feature
- v) Complaints handling

13. How you came to know that BRAC is working?

- i) Through friends
- ii) Through website
- iii) Through magazine advertisement
- iv) Through radio/Television

14. How do you work with BRAC?

- i) Good
- ii) Very good
- iii) Not so good

b) Give one reason for your answer above

.....
.....
.....

15. What benefits do the communities gain from BRAC Microfinance institution?

- i) Pay fees for Education
- ii) Improving Community living standard
- iii) Encouragement towards Entrepreneurship
- iv) Increase investment into business

16. What do you think is the most challenge that face BRAC institution?

.....
.....
.....

17. Suggest 2 best strategies to improve customer satisfaction of BRAC Institution?

i).....

.....
.....

ii).....

.....