AN ANALYSIS OF AUDIT QUALITY ATTRIBUTES AND CLIENT SATISFACTION FOR COMPANIES QUOTED AT THE NAIROBI SECURITIES EXCHANGE

MBAKAYA, JOAB ANYIKA

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EGERTON UNIVERSITY

OCTOBER 2014
DECLARATION & APPROVAL

DECLARATION

This Research Project is my own original work and has not been presented for a degree qualification in any other University or Institution of higher learning.

SIGNED: ........................................... DATE: ...........................................

JOAB ANYIKA MBAKAYA
CM16/0131/12

APPROVAL

This Research Project has been submitted for Examination with my approval as the University Supervisor.

SIGNED: ........................................... DATE: ...........................................

MR. FREDRICK M. KALUI
Faculty of Commerce
Lecturer department of Accounting, Finance and Management Science
Egerton University
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DEDICATION

This project is dedicated to my wife Evelyne Chahayo for her patience and understanding and my sisters Anne and Maureen who have been a source of inspiration and support in the course of my studies, to my parents Jared and Linet Mbakaya for their guidance and financial support.
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ABSTRACT

With the collapse of Enron involving the misconduct of one of the Big 4, Arthur Andersen & Co. in the US and the CMC and Uchumi scandals in Kenya involving the big audit firms Deloitte and PwC, the argument for audits for big audit firms as synonymous with quality audit has become questionable. Despite several studies having been done on audit quality, none of them has touched on the analysis of audit quality attributes in relation to client satisfaction for the listed companies on the Nairobi Securities Exchange. The general objective of the study was to analyze audit quality attributes and client satisfaction for companies listed at the Nairobi Securities Exchange and the study will be significant to the management of the listed companies and the audit firms alongside the scholars who may want to pursue the subject further. The study comprised of all the listed companies on the Nairobi Securities Exchange as at 31st December 2013, they were 60 companies in number. The study reviewed literature on audit qualities which included audit reliability, audit tangibility, auditors assurance, auditors responsiveness and auditors empathy, also auditors experience and auditors independence were reviewed. Client satisfaction, empirical studies and theoretical review were also covered, the literature review finalized with the conceptual framework. The study employed descriptive study design and entailed the 60 listed companies as the population, which was taken as a census because of the small number. Primary data was collected by use of a structured questionnaire by use of drop and pick later. The collected data was analyzed first by use of descriptive statistics; correlation analysis was done to establish the relationship between the dependent and independent variables and finally a regression analysis was performed on the model to test the hypotheses. A total of 60 questionnaires were sent out of which 49 were respondent to, 41 were satisfactorily filled and considered for analysis, this formed 84 percent response rate. The study found that only two out of five audit quality attributes (i.e., Responsiveness, Assurance, Empathy, Tangibles, and Reliability) were statistically significant related to client satisfaction. Thus the two attributes of tangibility and responsiveness has a significant impact on the client satisfaction.

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