

A STUDY OF THE FACTORS LEADING TO THE DEVELOPMENT OF CUSTOMER SATISFACTION: A CASE STUDY OF A PRIVATE BANKING INSTITUTION IN MANDALAY, MYANMAR

Kyawt Shinn Thant Zin¹, Komm Pechinthorn², Marlon Rael Astillero³, Kitisak Tavisak⁴, Tony Somathih⁵
International College of Rajamangala University of Technology Krungthep
Email: komm.p@mail.rmutk.ac.th

Abstract: Recently, the market of the banking industries is growing rapidly in Myanmar. Therefore, banks not only need to focus on attracting new customers but also on maintaining the existing customers by providing the exceptional quality of services in order to survive in extremely stiff competitive industry. This research is attempted to investigate the 5 determinants which lead to customer satisfaction to Ayeyarwaddy Bank (AYA) in Mandalay, Myanmar. The questionnaires were distributed to 200 people who have been experienced of using the service of the 2 branches of the AYA Bank in the same city. Single & multiple linear regression model were used in order to test the hypotheses to find out the beta coefficient and significant level. The finding is that all of the service quality dimensions such as reliability, responsiveness, assurance, empathy and tangibility are rejected and statistically influenced on the customer satisfaction.

Keywords: *service quality, customer satisfaction, commercial bank*

1. Introduction

Since every bank offers nearly the same products and services without much room to compete on price, the satisfaction level of customers has become a vital tool for the banks to survive in the competitive industry. According to Berry et al (2002), customer satisfaction became one of the essential performance measures with other financial indicators such as sales value, profit margin, and so on. Since Myanmar banking industries are developing with a speedy rate, Myanmar banks are facing with more competitive in building up their innovative services such as online payment system, mobile banking and other related applications. Besides, government allowed foreign banks to grant loans, to take deposits from foreign corporations and domestic banks in both international currency and Myanmar Kyat. \

Therefore, there is an extremely competitive among banks in Myanmar. There are 4 state owned banks, 9 semi-governmental banks, 14 private banks, 13 foreign bank branches and 49 representative office of foreign banks in Myanmar. Among them, the researcher selected AYA Bank because it is the second largest private bank in Myanmar since 2010. Moreover, there are 242 branches in all over the country with 4.7 trillion customer deposits (kyats) and 150 billion

Shareholders' Equity. In order to live up in the highly competitive market, customer satisfaction has become a priority for AYA bank to use as a tool of marketing success.

2. Research Objective

To investigate the relationship between service quality dimensions in terms of reliability, responsiveness, assurance, empathy and tangibility and the customer satisfaction in Myanmar banking industries.

3. Literature Review and Conceptual Framework

Service Quality Dimensions: Parasuraman et al (1985) and Zeithaml (1988) discovered service quality as customer's analysis on the level of the excellent performance of the service. Based on Parasuraman et al. (1988), service quality has five components which are reliability, responsiveness, assurance, empathy and tangibles.

I. Reliability: Parasuraman et al. (1988) observed reliability as the capacity of service organizations to satisfy the guaranteed service exactly and precisely.

II. Responsiveness: Parasuraman et al. (1988) discovered responsiveness as the willingness of a firm to help the customers' requirements and to serve quick service to them.

III. Assurance: Parasuraman et al. (1988) found out assurance as employee's kindness, intelligence and sympathy and their performance to get the customers' trust and confidence.

IV. Empathy: Parasuraman et al. (1988) characterized empathy as employee's caring and giving attention to each customer which is provided by an organization.

V. Tangibles: Parasuraman et al. (1988) referred tangibles as the modern equipment which can improve the service quality of customers due to the fact that certain countries have many old fashion customers and lack of technology. These can be included facilities and appearance of the employees.

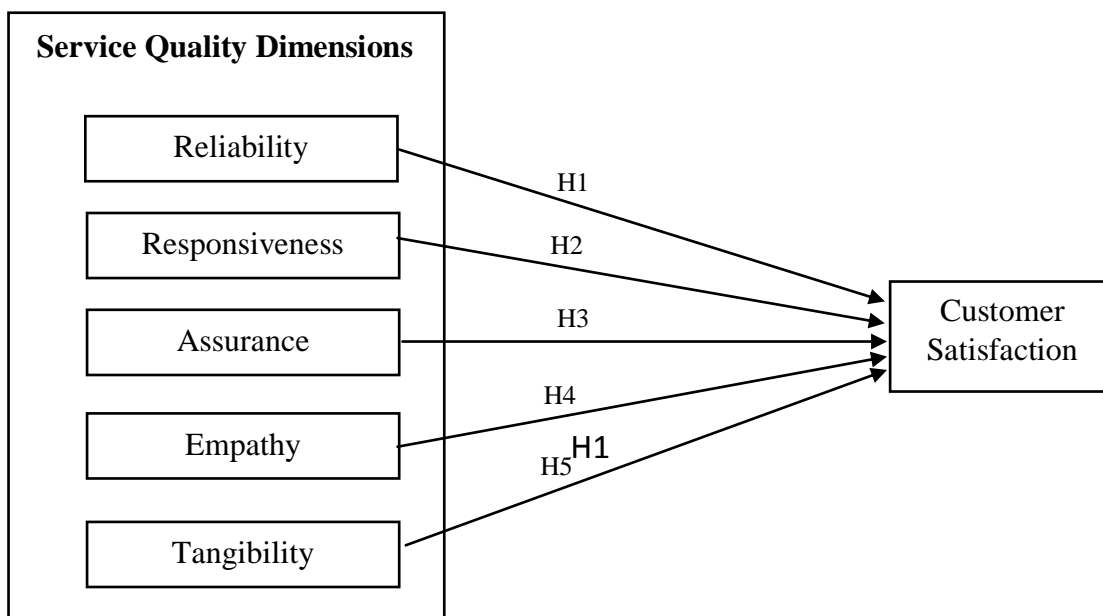
Customer Satisfaction: Fornell (2001) discovered the key term "customer satisfaction" as a key establishment of marketing achievement, with a fulfilled consumer base assuming a fundamental role in accomplishing firm's competitiveness. In addition, this relies upon an organizations' capacity to fulfill the requirements and needs of its target market (Budiyo, et al, 2021).

Service Quality Dimensions and Customer Satisfaction

According to Parasuraman et al. (1985) and Kadir et al. (2011), service quality dimensions are essential tools to determine the customer satisfaction from the disconfirmation between customers' expectation and their perception. In the same way, Siddiqi (2011), Ennew and Waite (2013) and

George and Kumar (2014) also found out service quality is an important determinants for customer satisfaction which means that the perceived service quality is directly proportional to the customer satisfaction in modern financial and banking sectors. According to the related literature review, the researcher established a conceptual framework. In this framework, there are five null and alternative hypotheses to verify the relationship between independent and dependent variables.

Figure 1: The Conceptual Framework



4. Research Hypothesis

Hypothesis: The Service Quality has influence on Customer Satisfaction.

Sub-hypothesis 1: The service quality dimension in term of reliability has influence on Customer Satisfaction.

Sub-hypothesis 2: The service quality dimension in term of responsiveness has influence on Customer Satisfaction.

Sub-hypothesis 3: The service quality dimension in term of assurance has influence on Customer Satisfaction.

Sub-hypothesis 4: The service quality dimension in term of empathy has influence on Customer Satisfaction.

Sub-hypothesis 5: The service quality dimension in term of tangibility has influence on Customer Satisfaction.

5. Data Collection

Research Methodology

The researcher collected the data from the customers who have been experienced about the service from the selected two branches of AYA bank in Mandalay, Myanmar.

Population and Sample

The target population for this research is the customers who have been used the AYA Bank service. The sample size is 200 respondents and each of 100 questionnaires was distributed to two chosen branches in Mandalay. Quota sampling is applied in order to distribute the questionnaires equally at each of two locations.

Research tool

There are four parts in the questionnaire: screening questions, independent variables, dependent variable and general information. In screening question (1), the researcher used the simple category scale method. Dependent and independent variables part have 14 questions which have been adopted from previous studies with the format of a five-point Likert scale method. The five-point Likert scale defines different numbers (1-5) ranging from strongly disagree to strongly agree.

Data collection

The researcher used sampling procedures to identify the research methodology. According to the Judgment sampling, the researcher selected two branches of AYA bank located in crowded area of Mandalay, Myanmar. According to Quota sampling, the researcher distributed the questionnaires to 200 respondents in the selected two branches in Mandalay. And finally, the researcher used the Convenience sampling to collect data from the ones who are easily available and use any inexpensive ways.

Data Analysis

Descriptive analysis was used to find the general information and single and multiple linear regression were used to find the validity of hypothesis. To test the reliability test, the researcher used Cronbach's coefficient Alpha scale.

6. Results and Discussion

6.1 Result

Table 1: Reliability Testing

Name of Variables	α value
Reliability	.833

Responsiveness	.867
Assurance	.715
Empathy	.705
Tangibles	.720
Total Service Quality Dimensions	.755

According to the α value results, all of the variables are reliable and consistent with the values more than 0.7.

General Information

The results of the descriptive analysis shown in Table 2 (below) proved that the majority of the respondents are male (104 or 52%), and most of the respondents are married (98 or 49.3%), and the age are between 26 to 35 years old (84 or 42%). Most of them got Bachelor Degree and the majority of the respondents are the employees in the private organization with the salary level 200,001-400,000 MMK (around \$150-350). Most of the respondents came to bank to transfer money locally and internationally and came there less than 3 times per month.

Table 2: Findings of Descriptive Analysis

Demographics	Characteristics	Frequency(f)	Percentage (%)
Gender	Male	104	52%
Marital Status	Married	98	49.3%
Age	26-35 years	84	42%
Education Level	Bachelor degree	78	39.3%
(Job)	Full time employee in private sector	62	30.8%
Income	200,001-400,000kyats (\$ 150-\$ 350)	51	25.5%
Purpose of using	local or international	60	30%
Frequency of using	transfer less than 3 times per month	121	60.8%

Relationship between Service Quality and Customer Satisfaction

The researcher applied single and multiple linear regression to test the hypotheses. The summary of the results of the hypothesis testing were shown in below.

Reliability : The service quality dimension in term of reliability has influence on Customer Satisfaction. The analysis shows that the sig. value less than 0.05

	(Sig. = .000) therefore rejected H_0 and accepted H_1 , this implies that the service quality dimension in term of reliability has influence on Customer Satisfaction significantly at the level 0.05.
Responsiveness	: The service quality dimension in term of responsiveness has influence on Customer Satisfaction. The analysis show that the sig. value less than 0.05 (Sig. = .000) therefore rejected H_0 and accepted H_1 , this implies that the service quality dimension in term of responsiveness has influence on Customer Satisfaction significantly at the level 0.05.
Assurance	: The service quality dimension in term of assurance has influence on Customer Satisfaction. The analysis shows that the sig. value less than 0.05 (Sig. = .000) therefore rejected H_0 and accepted H_1 , this implies that the service quality dimension in term of assurance has influence on Customer Satisfaction significantly at the level 0.05.
Empathy	: The service quality dimension in term of empathy has influence on Customer Satisfaction. The analysis shows that the sig. value less than 0.05 (Sig. = .000) therefore rejected H_0 and accepted H_1 , this implies that the service quality dimension in term of empathy has influence on Customer Satisfaction significantly at the level 0.05.
Tangibility	: The service quality dimension in term of tangibility has influence on Customer Satisfaction. The analysis shows that the sig. value less than 0.05 (Sig. = .000) therefore rejected H_0 and accepted H_1 , this implies that the service quality dimension in term of tangibility has influence on Customer Satisfaction significantly at the level 0.05.

Table 3 : Hypothesis testing the service quality has influence on customer satisfaction

Dimension of service quality	b	Beta	t	Sig.	Interpretation
Reliability	.465	.064	9.550	.023	Rejected
Constants=.432 $R^2=.186$ $R^2\text{-adj.}=.184$ SEE=.63144					
Responsiveness	.701	.377	24.080	.000	Rejected
Constants=.770 $R^2=.593$ $R^2\text{-adj.}=.592$ SEE=.44662					
Assurance	.646	.358	21.913	.000	Rejected
Constants=.739 $R^2=.547$ $R^2\text{-adj.}=.546$ SEE=.47128					
Empathy	.645	.206	20.170	.000	Rejected
Constants=.711 $R^2=.505$ $R^2\text{-adj.}=.504$ SEE=.49229					
Tangibility	.577	.059	16.308	.094	Not rejected
Constants=.633 $R^2=.401$ $R^2\text{-adj.}=.399$ SEE=.54200					

Total of service quality	.102	.852	32.524	.000	Rejected
Constants=.852 R ² = .727 R ² -adj.=.726 SEE=.36604					

*Sig. \leq 0.05

6.2 Discussion

Researcher found that service quality dimension in term of responsiveness has the strongest influence customer satisfaction based on the β value and significant level at .377 and .000 respectively. Therefore, it can conclude that customers are satisfied with the responsiveness of bank staffs from whom they get the prompt and actual service. Moreover, bank staffs are always willing to help customers and always ready to fulfill customers' requirements.

On the other hand, the result is supported by many previous researchers (El Saghier and Nathan, 2013; Lau et al. (2013). Krishnamurthy et al. (2010) also recommended that responsiveness is an important factor for overall satisfaction in Indian banking service. For reliability, assurance and empathy determinants, the P-values are 0.023, 0.000 and 0.000 respectively. These reject the hypothesis since they are less than 0.05 which indicates the moderate customer satisfaction. However, the determinant of Tangibles was the only one that is not statistically significant with the value of 0.094 which is slightly higher than 0.05. It can be because the banking industry in Myanmar could not offer modern technology devices such as high-speed internet and ATM machine and most of the local customers do not possess the knowledge of using mobile application.

6.3 Recommendation and Further study

In case of usual business cannot provide service leading to unsatisfactory or unavailable for some reason, then current customers would have no reason to spend much effort weighing up the alternatives when all are likely to be satisfactory. The results showed that service quality dimensions in terms of reliability, empathy and tangibles have a very low significant influence on customer. Therefore, the researcher recommends AYA bank team to offer the services to customers promptly. As the country is a developing country and most of the Myanmar people have lack of knowledge about the technology and IT devices, AYA bank should support more user-friendly machines and assigned staffs to support the customer in order to explain how to use the applications or machines. For instance, most of the customers are not familiar with ATM (automatic teller machine) and mobile banking for transferring money. Therefore, AYA bank needs to provide modern machines which are more user-friendly for customers and needs to do more advertisement for these value-added services. To improve the satisfaction of the customers, AYA bank should give sustainable training to staffs to be more willing to insist customers and to give individual attention to all customers as well as the staffs should be neat and well-dressed during the working hour.

In this finding, the researcher used independent variables such as service quality dimensions (reliability, tangibles, empathy, responsiveness and assurance) to determine the customer satisfaction of AYA bank in Mandalay, Myanmar. However, further researchers can apply different independent variables which may have influence on customer satisfaction in the future such as word of mouth (WOM) and repurchase intention and customer loyalty.

This research is particularly conducted through 200 questionnaires from the customers of two branches in Mandalay. Therefore, the results may not be generalized to all customers of AYA bank all over the country. This is essential since the country has been ranked as undeveloped country for many decades and are growing rapidly. In the future, further researchers may extend the population to include more branches in Myanmar. Moreover, further researchers may apply this research model to study in both other private and government banks in Myanmar.

References

- Berry, L. L., Seiders, K., and Grewal, D. (2002). Understanding service convenience. *Journal of Marketing*, 66(3), pp. 1-17.
- Budiyono, Muhammad Tho'in, Dewi Muliasari, Serly Andini Restu Putri. (2021). An Analysis of Customer Satisfaction Levels in Islamic Banks Based on Marketing Mix as a Measurement Tool. *Annals of the Romanian Society for Cell Biology*, 2004–2012. Retrieved from <https://www.annalsofscb.ro/index.php/journal/article/view/318>
- El Saghier, N., and Nathan, D. (2013). Service quality dimensions and customers' satisfactions of banks in Egypt. *Proceedings of 20th International Business Research Conference*, pp. 4-5.
- Ennew, C., and Waite, N. (2013). *Financial Services Marketing: An International Guide to Practice*, 2nd ed., Routledge, New York, NY.
- Fornell, C. (2001). The Score of Satisfaction. *Harvard Business Review*, 79, pp. 120-121.
- George, A., and Kumar, G. G. (2014). Impact of service quality dimensions in internet banking on customer satisfaction. *Decision*, 41(1), pp. 73-85.
- Iin Emy Prastiwi., Anik. 2020. The Impact of Credit Diversification on Credit Risk and Performance of Indonesian Banks. *Jurnal GRIEB: Global Review of Islamic Economics and Business*. Vol 8, No. 1, hlm 13-21
- Kadir, H. A., Rahmani, N., and Masinaei, R. (2011). Impacts of service quality on customer satisfaction: study of online banking and ATM services in Malaysia. *International Journal of Management Sciences*, 3(10), pp. 1-9.
- Krishnamurthy, R., SivaKumar, M. A. K., and Sellamuthu, P. (2010). Influence of service quality on customer satisfaction: application of SERVQUAL model. *International Journal of Business and Management*, 5(4), pp. 117-121.
- Lau, M. M., Cheung, R., Lam, A. Y., and Chu, Y. T. (2013). Measuring service quality in the banking industry: a Hong Kong based study. *Contemporary Management Research*, 9(3), pp. 263-282.
- Parasuraman, A., Zeithaml, V. A., and Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49, Fall, pp. 41-50.
- Parasuraman, A., Zeithaml, V. A., and Berry, L. L. (1988). SERVQUAL: A multi-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-40.
- Siddiqi, K. O. (2011). Interrelations between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. *International Journal of Business and Management*, 6(3), pp. 12-36.
- Zeithaml, V.A. (1988). Consumer perceptions of price, quality and value: a means-end model and synthesis of evidence. *Journal of Marketing*, 52, July, pp. 2-22.