

## Measuring Customer Satisfaction towards Customer Services in Banking Sector of Mukah Sarawak

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**Abstract:** Mukah has undergone a rapid development under the SCORE (Sarawak Corridor of Renewal Energy) project under the SCORE blueprint. Mukah is expected to be developed as Mukah Smart City in 2030 (The Sarawak Report, 2011). Parallel with the economic industry, the banking sector is also growing rapidly which makes daily banking transaction more swarming and in demand. In this paper, we present our research findings on the level and factors (intangibility, empathy, and responsiveness) of customer satisfaction towards customer services provided by the banking sectors in Mukah Sarawak. A total 391 respondents of Mukah residents participated in the survey. The distribution of questionnaire almost meet the equal amount for both gender however the female respondents dominated the figure. From the distributed questionnaire, we were able to collect data from 220 females with a percentage of 56.3%. Meanwhile for the opposite gender, we were able to collect data from 171 males and the percentage is at 43.7%. On another focus, for ethnicity, most of the respondents were Melanau at 29.4% (115), followed by Iban at 27.6% (108), meanwhile another 16.1% (63) were other races, 14.1% (55) Malay, 10.7% (42) Chinese, and 2.0% (8) were Indian. The survey findings further revealed that the three identified factors (intangibility, empathy, and responsiveness) are positively correlated with customer services provided by the banking sectors in Mukah Sarawak. The outcomes of this research can benefit the decision and policy makers as well as the banking sectors themselves to enhance the business performance.

**Key words:** customers' satisfaction; customer services; banking sectors; bank employees

**JEL codes:** G40, G41

### 1. Introduction

Mukah is a coastal town which serves as the fishing port and a popular major Sago production. It is a small coastal town with an area of 2536 km<sup>2</sup> according to data provided by the Mukah District Council (2017) at 10.9 persons per sq. km. Furthermore, it was reported that the indigenous population in Mukah is about 53.8% (or 55,200) out of the total population. Mukah is accessible via road, water as well as air. At present, Mukah has undergone a rapid development under the SCORE (Sarawak Corridor of Renewal Energy) project (The Report

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Sarawak, 2011). In 2007, Mukah City has been provided with extensive broadband coverage. It was highlighted that, under the SCORE blueprint, Mukah will be developed as Mukah Smart City in 2030 (The Sarawak Report, 2011). Development in the education sector especially brought by the existence of UITM Sarawak Mukah Campus and Polytechnic Mukah, gives breathe to the city economic and banking sector growth. The rapid economic growth makes daily banking transaction more swarming and in demand. Hence, the banking industries play a very important role in the economic development of Mukah town. There are six conventional banks established in Mukah namely Public Bank, Maybank, Bank Rakyat, Hong Leong Bank, RHB Bank and Bank Simpanan Nasional (BSN). To ensure good performance, each bank cannot avoid the function of customer services which gives a significant reflection the on banks' image and customers' satisfaction. In this research, there are two busiest conventional banks are being particularly focused, which is Maybank and Public Bank.

## **2. Purpose of This Paper**

In this paper, we present our research findings on the level and factors (intangibility, empathy, and responsiveness) of customers' satisfaction towards customer services provided by banking sectors in Mukah Sarawak. This paper is organized as follows. Firstly, it provides an overview of the relevant literature. Secondly, it elaborates the customers' satisfaction towards customer services provided by banking sectors in Mukah. Thirdly, it describes the research design and methodology. Finally, it presents and discusses the research findings, and provides a conclusion as well as recommendations for the study.

## **3. Literature Review**

Research by (Kanojia & Yadav, 2012), customer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. According to Munusamy et al. (2010), the study of customer service delivery has gained interest just after the concern on improving the quality of product and services become increasingly important in the globe. But nowadays, there are many complaints about the customer service provided by the bank no matter where it is. Thus, delivering effective customer service is indeed an important marketing strategy, Berry and Parasuraman (1995), but the difficulty in defining customer service delivery in deploying a specific contextual instrument for measuring such contracts represents important constraints for the banks to approach their markets (Atul, 2012). Kotler et al. (1999), stated that a service has four major characteristics that greatly affect the design of marketing programs for it; intangibility, empathy, responsiveness and reliability, and we only select three; intangibility, empathy, and responsiveness. A service is intangible and cannot be seen, tasted, felt, heard or smelled before it is bought. Empathy is the art of understanding and acknowledging a customer's feelings and needs, before finding a solution that meets them. Support by April & Pather (2008) and Gupta & Agarwal (1997), employees provide customer individual attention and shows the specific needs of their customers and bank has the customer's best interest at heart. Study by Shanka (2012), responsiveness refers to a bank's employee that always willing and able to help customer and manage complaints and feedback appropriately. Quickly resolves online transaction problems and internal banking customer services are easily accessible by telephone (Zavareh, Ariff & Jusoh et al., 2012).

#### 4. Research Design and Methodology

This study deployed a survey method to obtain data. The questionnaire instrument contained three sections. To ensure a successful answer, a standardized question on questionnaires has been designed and can quickly collect all the respondents answer effectively especially in a large group (Malhota & Peterson, 2006). Firstly, Section A is a demographic profile contains gender, age, ethnic origin, education level, chosen bank in Mukah and status of usage of the banks is an adapt study from (Kerber & Campbell, 1987). Secondly, Section B, consists of questions regarding customer satisfaction towards services in banking adapted from a study by Sureshchandar, Rajendran, & Anantharaman (2002). Lastly, Section C, is about customer services regarding intangibility, empathy and responsiveness on customer services from Ladhari & Morales (2011).

The first author personally distributed the questionnaires to 391 respondents in Mukah, Sarawak. This study followed Krejcie and Morgan (1970) proposed sampling size to obtain the target respondents for the survey. This study utilized a few common statistical tools to analyze the data. SPSS Version 21 was used for this purpose. The reliability tests on the identified variables for this study were found to be acceptable and reliable as the Cronbach's Alpha values for all the variables are above 0.60. The following are the outcomes from the reliability tests: Customer Satisfaction (5 items; Cronbach's Alpha = 0.850) and Customer Services (15 items; Cronbach's Alpha = 0.898).

#### 5. Results and Discussion

Table 1 presents the respondents' demographic profiles. We have distributed this questionnaire to 391 random respondents of Mukah residents. The distribution of questionnaire almost meet the equal amount for both gender, however the female respondents dominated the figure. From the questionnaire distributed, we were able to collect data from 220 females with a percentage of 56.3%. Meanwhile for the opposite gender, 171 males at the percentage of 43.7%. The majority age level of respondents who answered are teenagers aged between 18-25 years old with a percentage of 72.1% (282), with total percentage 13.3% (52) are the respondents from the age range of 26-30. Next is represented by the respondents around the age of 31-40 years old with a total percentage of 6.6% (26) followed by the respondents at the age of 41-50 years old with 3.8% (15), respondents aged 51-60 years old with 3.1% (12) and lastly respondents with the age more than 60 years old with only 1.0% (4). Aside from that, for ethnicity, most of the respondents were Melanau for 29.4% (115) followed by 27.6% (108) Iban, 16.1% (63) for other races, 14.1% (55) for Malay, 10.7% (42) Chinese and the minority 2.0% (8) were Indian. The level of education of the respondents which are mostly Diploma holders by 58.8% (230), 28.4% (111) were SPM students, 6.1% (24) were Degree holders, 5.9% (23) of them were in other categories and lastly 0.8% (3) were Master holders. The highly chosen bank was Maybank chosen by 140 respondents with a total percentage of 35.8%, knowing as the oldest bank in Mukah. The second popular bank chosen by the respondents was RHB Bank with a total percentage of 35.3% (138), opt for less traffic as it is located around the newly developed area. The next one was BSN (Bank Simpanan Nasional) by 8.7% (34), 6.9% (27) chosed Bank Rakyat and lastly Public Bank by 4.3% (17). Lastly, the status of usage of bank by respondents, a total of 219 of them have been a bank services and products user for 1-5 years (15.1%), 82 respondents have been a bank user for 5-10 years (21%), the next 59 respondents have been a bank user for less than a year, then 16 of the respondents have been a bank user for 10-15 years (4.1%) and 15 (3.8%) of the respondents have been a bank user for more than 15 years.

**Table 1 Respondents' Demographic Profiles**

Characteristics		N	(%)
Age	18-25 years	282	72.1
	26-30 years	52	13.3
	31-40 years	26	6.6
	41-50 years	15	3.8
	51-60 years	12	3.1
	Above 60 years	4	1.0
Gender	Male	171	43.7
	Female	220	56.3
Education Level	SPM	111	28.4
	Diploma	230	58.8
	Degree	24	6.1
	Master	3	0.8
	Other	23	5.9
Ethnic	Chinese	42	10.7
	Iban	108	27.6
	Melanau	115	29.4
	Malay	55	14.1
	Indian	8	2.0
	Others	63	16.1
Chosen Bank	Maybank	140	35.8
	RHB	138	35.3
	Public Bank	17	4.3
	Bank Rakyat	27	6.9
	Agro Bank	34	8.7
	BSN	35	9.0
Status of Usage	< 1 year	59	15.1
	1-5 years	219	56.0
	5-10 years	82	21.0
	10-15 years	16	4.1
	> 15 years	15	3.8

Table 2 provides the data interpretation of customers' satisfaction towards the customer services in banking of Mukah Sarawak. All the five items results are moderately high with the friendly and ethical employees approach toward customers at the highest mean of 3.6240 compared to others. Instructions given informative and easy to understand were the lowest one with the mean of 3.3594 due to most information are provided in English language and some of the community are still low in English Language proficiency.

On another focus, for the customers' satisfaction in tangibility of customer services, even though all items interpretation were moderately high, the respondents were mostly satisfied with employee's appearance with the mean of 4.0486, this shows that the bank employees corporate look as very pleasant to the customers. The respondents had also agreed that the guide signs indicating as to which counters are offering which services satisfied their need but in a lower mean at 3.8338 as it could sometimes be confusing and considering there are

rooms for improvements. The respondents were less satisfied with the counter partitions at the banks and its branches with the lowest point 3.7954, perhaps because they are quite open and the customers are looking to have more privacy in managing their financial transactions. For assurance of empathy of customer service, the highest mean value falls to bank's operating hours as convenient to their entire customers with the mean at 3.7877. The moderate mean, 3.7238 falls to bank's employee builds good relationship with customers. The respondents less agreed that the bank's has the best interest at heart with the mean value of 3.6471 even though all of the items were moderately high. The satisfaction of responsiveness of customer services were all moderately high with the highest mean value 3.6292 where the respondents mostly agreed that the bank's employees were always willing and able to help their customers. The respondents also moderately agreed with the bank's employees provide prompt services, which was very easy to access at the mean value of 3.6010. The respondents were least agreed with the bank's employees resolves customers issues and problem satisfactorily, and in good time across all service channels with the lowest mean value of 3.5985.

**Table 2 Mean and Standard Deviation (SD) for Level of Satisfaction on Customer Services**

Item	Mean	SD
Customer Satisfaction		
Employee approach toward customer friendly and ethical	3.6240	0.7970
Gives fast attention to the problems and customer complaints	3.4604	0.7462
Bank's employees are always enthusiastic to help customers	3.5038	0.7438
Instruction given informative and easy to understand	3.3594	0.7593
Customer service always in smart and present appearance	3.5754	0.7574
Tangibility		
Employee at bank will be tidy in appearance	4.0486	0.8772
The evidence of bank services are attractive and appropriate to customers	3.8184	0.8260
Guide signs indicating as to which counters are offering which services	3.8338	0.8626
Bank's has up-to-date equipment and technology	3.8465	0.8146
Counter partitions in bank and its branches	3.7954	0.8588
Empathy		
Bank's employee builds good relationship with customer	3.7238	0.7649
All communication with customers clear and timely	3.7826	0.7588
Bank's operating hours convenient to all their customers	3.7877	0.8187
Bank's employee understands the specific needs of their customers	3.6905	0.7572
Bank's has the customers' best interest at heart	3.6471	0.7361
Responsiveness		
Bank's employee provides a prompt service, which is very easy to access	3.6010	0.7473
Bank's manage complain and feedback appropriately	3.6087	0.6511
Bank's employee always willing and able to help customer	3.6292	0.7498
Bank's employee resolves customer issue and problem satisfactorily, and in good time across all service channels	3.5985	0.7612
Bank's employee enlighten customer exactly when the service will be performed	3.6087	0.7631

**Table 3 Correlation Coefficient Analysis of Satisfaction towards Tangibility, Empathy, and Responsiveness of Customer Service**

Items	Correlations		
	Tangibility	Empathy	Responsiveness
Sig. (2-tailed)	0.000	0.000	0.000
Pearson Correlation	0.599	0.632	0.554
** $P \leq 0.05$			

Note: Significant value with  $p \leq 0.05$ .

All of the items in the table above show a positive relationship where the P value was at 0.000 respectively. When the P value was below than 0.05, the relationship between two dependent variables was said to be accepted. All of the variables were showing moderate relationship where the correlation coefficient fall at the range of 0.40-0.70. Hence, the Pearson Correlation of satisfaction and empathy showing the strongest moderate correlation (0.632) while the correlation of satisfaction and tangibility showing the stronger moderate correlation (0.599) and the correlation of satisfaction and responsiveness was slightly strong with the value of 0.554.

## 6. Conclusion and Recommendations

The first objective of this study was to show the level of customers' satisfaction regarding the customer services provided by the employees in banking sectors of Mukah, Sarawak. Satisfaction is a feeling or viewpoint of a customer towards a product or service after it has been used (Jhan & Khan, 2008). The results showed that employees at the bank have a pleasant appearance to the customers liking and preferences. Most respondents agreed that the employees are looking their best while providing services to the customers. Besides that, services quality may be affect the overall customers' satisfaction by Shah & Asst (2013) which is from the overall respond where customers found that the better service attracts the greatest customer satisfaction and loyalty (Ladhari et al., 2011). We also found that the tangibility variables was the most influenced factors for customer services, followed by the empathy variables. This study is supported by Zeithaml et al. (2006), tangibles are used by firms to convey image and signal quality. Lastly, the study shows that the bank's employees build good relationship with customers of all level and all communication with customers are clear and timely (Murthy, 2012). Besides that, a future research may broaden the study on the most factors that affecting customer services in many dimension like tangible, empathy, responsiveness, assurance and realibility for customer services. Furthermore, given the fact that the banks policy are averse to reveal name and addresses of their customers, it was not easy to collect data for this research. It would be useful if the bank can work together with the researcher in finding the result of the study which may help them improves their banking services and customers satisfaction. On the other hand, some areas which had shown a low preferences among the customers could be proposed to the banking institutions for helping them to improve, hence meet the customers need. A more satisfied customer means a more loyal customer, which eventually flows through to the bank's profit Reichheld and Sasser (1990). This may also requires training of more efficient customer services for staff who would be able to handle customer request more promptly and efficiently. Combined these are the key to operating a successful services. Satisfied customers rarely file complaints and are overall more loyal to the bank.

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