

# The Myanmar JOURNAL

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## Letter from the Editor-in-Chief

Myanmar and Korea have many similarities and are complementary relationship. Therefore, we believe that research exchange will expand mutual understanding between Myanmar and Korea, and will be the cornerstone for mutual development.

KOMYRA and YUE have co-published The Myanmar Journal since August 2014. So far, many scholars have published numerous papers through the journal, and We are sure that this journal has helped many people understand Myanmar and Korea more clearly and closely.

The Myanmar Journal covers various issues in Myanmar and Korea. It covers various topics that can promote bilateral development and mutual understanding, not limited to specific topics such as economy, industry, society, education, welfare, culture, energy, engineering, healthcare, and agriculture.

We hope that this journal will continue to promote understanding of the current status and potential capabilities of Myanmar and South Korea and promote in-depth international exchange and cooperation.

We would like to express our deepest gratitude to the editorial board and YUE and KOMYRA for their valuable support in The Myanmar Journal publication.

August 30, 2022

Youngjun Choi *yj choi*

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## **INFORMATION ABOUT The Myanmar Journal**

The Myanmar Journal (ISSN 2383-6563) is the official international journal co-published by Yangon University of Economics (YUE) and Korea Myanmar Research Institute (KOMYRA).

This journal aims to promote the mutual cooperation and development of Myanmar and Korea through intensive researches in the entire field of society, economy, culture, and industry.

It will cover all general academic and industrial issues, and share ideas, problems and solution for development of Myanmar.

Articles for publication will be on-line released twice a year at the end of February and August every year on the Myanmar Journal webpage ([http://www.komyra.com/bbs/board.php?bo\\_table=articles](http://www.komyra.com/bbs/board.php?bo_table=articles)).

## Service Quality of Pact Global Microfinance in Chaung U Township, Sagaing Region, Myanmar

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**ABSTRACT** : This study focuses on service quality of Pact Global Microfinance. The objective of the study is to analyze service quality of Pact Global Microfinance in Chaung U Township. 300 clients were selected from the population of 1091 active borrowers by using simple random sampling method. The purpose is to run Pair-Sample t Test analysis method to test the gap between perception and expectation of each dimension of service quality. Non-parametric test is used in this study. Five dimensions of SERVQUAL are used to measure the service quality. The study found that clients are satisfied on all dimensions but mean value of clients' perceptions for tangible dimension are little greater than their expectations. Pact Global Microfinance should provide meeting facilities like tables and chairs and meeting place without noisy. Microfinance provider should give training to clients for improving social skills and business skills. In addition, five dimensions of SERVQUAL have a significant relation with customers' satisfaction. Therefore, Pact Global Microfinance should maintain and improve service quality to provide a better understanding of customer, increase customer loyalty and market share.

**Key words** : *Service quality, customer satisfaction, customer loyalty*

### I. Introduction

Service quality is one of the critical success factors that influence the

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competitiveness of an organization. Service quality is one of the most attractive areas for researchers over the last decade in the retail banking sector (Choudhury, 2008). Service quality is a critical issue in the service industry and even more important for financial service providers who generally offer products that is difficult for consumers to differentiate (Stafford & Wells, 1998).

In financial industry, service quality is very important because it is a major indicator of the customer satisfaction (Ali and Raza, 2015). It may be a pleasure feeling or disappointment which influence customer behavior to buy or use again that product or services for many times (Owusu-Boateng, 2012; Akhtar, Hunjra & Akbar, 2011).

Innovative financial institutions (FIs), known as microfinance institutions (MFIs), have emerged to cater for this market by the use of group lending contracts and guarantees. Microfinance is seen as a way to generate self-employment opportunities for the unbanked people and is the superior strategy for poverty reduction, both in the poor countries and in the poorer areas of the richest countries.

Microfinance in Myanmar was introduced as a separate project under UNDP's Human Development Initiative (HDI) in 11 townships since 1997. Later in March 2005, PACT (Private Agency Collaborating Together) was the single implementing partner in the three zones: Shan, Delta and Dry Zones.

Currently, Pact Global Microfinance is implementing in 73 townships covering 13,018 villages with 1,514,281 clients under 201 branches at the end of July 2018. The total numbers of active borrowers reached to 873,717 with an outstanding of 306,371 million Kyats and repayment rate is 99.48% (PGMF, 2018).

## **1. Rational of the Study**

Microfinance industry is now affected by strong competition of commercial banks which have begun to target MFIs' traditional customers, and the microfinance client is becoming more sophisticated concerning the quality of service that they require or expect (Cohen, 2006). In fact, the microfinance industry is losing customer because of both the aggressive competition and MFIs' weakness to satisfy their clients (Urguizo, 2006). These show why MFIs are concerned about customer satisfaction and retention. IFAD (2007) justifies also why microfinance supervisors must pay attention to understand their customers' preferences and priorities to survive in a competitive environment.

Satisfaction is not a static idea and it changes as soon as a client finds a better deal that meets her expectations. In this perspective, firms must focus on customer satisfaction, studying and determining as soon as possible the customer satisfaction level, to adjust the product to customer needs. Indeed, customer satisfaction has

greater significant for the future of an institution and it is seen as a basis for securing market position and achieving other objectives of the institution (Korus, 2002).

Microfinance is powerful for improving livelihoods of rural people and is an effective development tool for poverty reduction for the simple reason that financial services enable poor and low-income households to take advantage of economic opportunities to build asset, and to reduce their vulnerability to external shocks that adversely affect their living standards. This study highlights how Pact Global Microfinance provides on their services, Chaung U Township.

## **2. Objective of the Study**

The objective of this study is to analyze the service quality of Pact Global Microfinance, Chaung U Township.

## **II. Scope and Method of Study**

Primary data are collected from personal interview with unit manager and structured questionnaires are conducted to describe the level of quality on providing service. As a sampling technique, simple random sampling method was used in this study. Three hundred clients which represent 27% of total numbers of rural clients in Chaung U Township were selected without replacement from the population of 1091 active borrowers by using simple random sampling method. Five dimensions of service quality are measured by the survey including tangible, reliability, responsiveness, assurance and empathy. The purpose is to run Pair-Sample t Test analysis method to test the gap between perception and expectation of each dimension of service quality. The secondary data are obtained from library, internet website, the related articles, previous research paper and journals. Non-parametric test was used in this study.

This study mainly emphasized on the service quality of Pact Global Microfinance in Chaung U Township which have good reputation. This paper especially focuses Gap 5 in SERVQUAL model. It analyzed the gap between client expectation and perception on service level of Pact Global Microfinance in Chaung U Township. The different villages of rural area involved in this study were eight villages.

### **III. Literature Review**

Kapoor, Paul, and Halder (2011) refer the term service quality as the measurement of the standards of services rendered to the customer by the service provider to the best satisfaction of the recipient. Service quality may be defined as customer perception of how well a service meets or exceeds their expectations (Czepiel, 1990). Service quality also defined as the degree of discrepancy between customer normative expectation for service and their perception of service performance (Zeithaml, Parasuraman & Berry, 1985).

Service quality can be measure in terms of customer perception, customer expectation, customer satisfaction, and customer attitude (Sachdev & Verma, 2004). These services quality is measured by measuring the expectation of the customer before the receipt of the service and his perception after the receipt of the service. The different between the expectations and experience or the gap between the two is the measure of service quality. Based on the length of the gap, the narrow is the gap, the better is the service quality and the more is the gap, the worse is the service quality.

Zeithaml, Parasuraman and Berry (1988) found five dimensions of service quality. They refined five principal dimensions that customers use to judge service quality-reliability, responsiveness, assurance (which include the original courtesy, competence, credibility, and security), empathy (which include the original access, communication and understanding / knowing the customer), and tangibles.

Tangibles are defined as the appearance of physical facilities, equipment, personnel, and communication materials. It includes all the physical evidence of the service like the facilities, appearance of personnel, tools or equipment used to provide the service and physical representation of the service. All of these provide physical representation or image of the service that customers, particularly new customers, will use to evaluate quality. Tangible was one of the original dimensions that were not modified by Zeithaml, et al., (1988).

Reliability is defined as the ability to perform the promised service both dependably and accurately. Reliability service performance is a customer expectation and means that the service is accomplished on time, in the manner, and without errors every time. Reliability consists of accurate order fulfillment, accurate record, accurate quote, accurate in billing, accurate calculation of commission, keep services promise. Reliability was one of the original dimensions not modified by Zeithaml, et al., (1988).



Responsiveness is defined as the willingness to help customers and to provide prompt service. It involves timeliness of service like returning a phone call quickly, giving prompt service and setting up appointment quickly. Keeping customers waiting, particularly for no apparent reason, creates unnecessary negative perceptions of quality. If a service failure occurs, the ability to recover quickly and with professionalism can create very positive perceptions of quality. Responsiveness was one of the original dimensions not modified by Zeithaml, et al., (1988).

Assurance is defined as the knowledge and courtesy of employees as well as their ability to convey trust and confidence. The assurance dimension includes the following features; competence to perform the service, politeness and respect for the customer, effective communication with the customer, and the general attitude that the server has the customer's best interests at heart. Assurance replaces competence, courtesy, credibility, and security in the original ten dimensions for evaluation service quality (Zeithaml, et al., 1988).

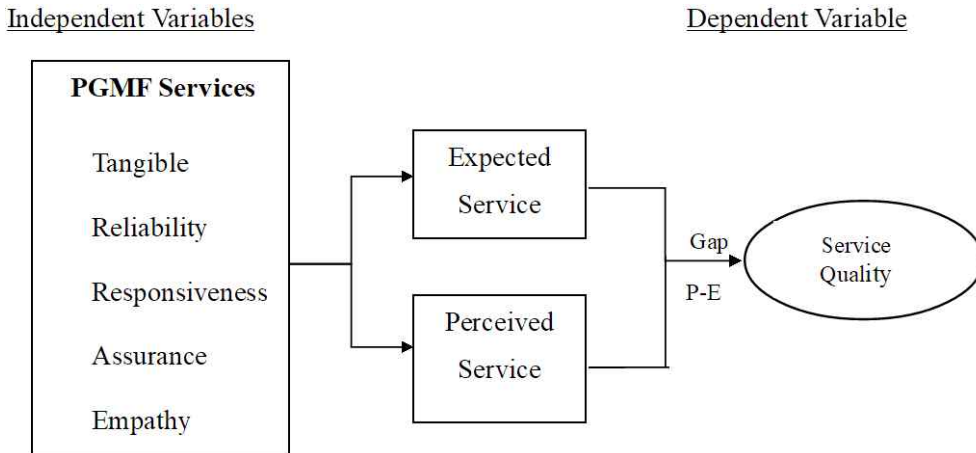
Empathy is defined as the provision of caring, individualized attention to customers. Empathy involves the following features; approachability, sensitivity, and effort to understand the customer's need. It also gives individual attention; convenient opening hour, giving personal attention and understand customer's specific need. Empathy replaces access, communication, and understanding / knowing the customer for evaluating service quality (Zeithaml, et al., 1988).

Based on the five SERVQUAL dimensions, the researcher also developed a survey instrument to measure the gap between customers' expectation for excellence and their perception of actual service delivered. The SERVQUAL instrument helps service provider understand both customer expectations and perceptions of services. The gap between customer expectations and perceptions is defined as Gap 5. This gap is associated with delivery of the service.

### **Conceptual Framework of the Study**

In this framework, the five services quality dimensions have been used for this study; tangibles, reliability, responsiveness, assurance and empathy; for assessing service quality of Pact Global Microfinance in Chaung U Township.

Figure 1. The conceptual framework of this study



Source: Adapted from Zeithamal, Parasuraman, and Berry (1988)

Each of the five dimensions in the model can be subdivided into expectation (E) and perception (P) parts. If expectation exceeds perception, the dissatisfaction occurs and if perception exceeds expectation, satisfaction results.

#### IV. Results and Discussion

This study aims to analyze on the service quality of Pact Global Microfinance by comparing with client expectations and their perceptions on services.

This study is based on the questionnaire survey to the customers, who used the Pact Global Microfinance services during the period of 2019. A structured questionnaire is used to investigate the degree of importance answered by respondents toward every service attribute and performance of Pact Global Microfinance.

The initial phase of analysis is to determine the characteristics of the respondents involved in this study. Profile of respondents can be described by age, marital status, education and occupation. Moreover, background information relating to using Pact Global Microfinance was based on monthly household income, household size and frequency of borrowed loan.

Table 1. Personal Factors of Respondents

No.	Age	Frequency	Percentage%
1	under 20 years	8	2.60
2	20-30 years	69	23.00
3	31-40 years	75	25.00
4	41-50 years	68	22.70
5	above 50 years	80	26.70
	Total	300	100.00
No.	Marital Status	Frequency	Percentage%
1	Single	43	14.30
2	Married	237	79.00
3	Widower and divorcee	20	6.70
	Total	300	100.00
No.	Education	Frequency	Percentage%
1	Read and write	35	11.70
2	Primary level	136	45.30
3	Middle level	66	22.00
4	High level	39	13.00
5	Bachelor degree	22	7.30
6	Post graduated level	2	0.70
	Total	300	100.00
No.	Occupation	Frequency	Percentage%
1	Agriculture	97	32.30
2	Breeding	21	7.00
3	Own business	53	17.70
4	Shopkeeper	86	28.70
5	civil servant and casual	43	14.30
	Total	300	100.00
No.	Household Income ( Kyats )	Frequency	Percentage%
1	50000-150000	12	4.00
2	150001-250000	80	26.70
3	250001-350000	125	41.70
4	350001-450000	23	7.70
5	450001-550000	40	13.30
6	550001 and over	20	6.70
	Total	300	100.00
No.	Household Size	Frequency	Percentage%
1	1 to 4	169	56.34
2	5 to 8	127	42.33
3	9 to 12	4	1.33
	Total	300	100.00
No.	Loan Times	Frequency	Percentage%
1	0 to 1 time	18	6.00
2	2-4 times	46	15.30
3	5-9 times	91	30.40
4	More than 9 times	145	48.30

Total	300	100.00
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Source: Survey data, 2019

Respondents' age group is divided into (5) groups: under 20 years, 20-30 years, 31-40 years, 41-50 years and above 50 years. Table 1, represents in age above 50 years old (26.7%) which are the largest age group of all respondents. Following by, the group of age between 31 and 40 years old and the group of age between 21 and 30 years old represent 25% and 23% respectively. The group of age between 41 and 50 years old represents 22.7% and the smallest group is under 20 years old which represents 2.6%.

Both married, single and others respondents are included into sample. Table (1) indicates that out of 300 respondents, 237 are married, 43 are single and rests are widower and divorcee.

Respondents' education level is divided into (6) levels: read and write, primary school level, middle school level, high school level, graduated level and post graduated level. According to the given data in Table (1), the largest groups of respondents reach primary school level and middle school level which are 45.3% and 22%. Following by, the third, fourth and fifth largest groups complete high school level, read and write and graduated level which represents 13%, 11.7% and 7.3% of replies. Rests attend post graduate level (0.7%).

Respondents were asked to indicate their occupation. According to the given data in Table (1), most of the respondents has worked at agriculture in the sample which is 32.3% of replies. The second largest groups of respondents are undertaking shopkeeper and own business which are 28.7% and 17.7% respectively. Rests who have civil servant and casual represented 14.3% and breeding represented 7% which is the smallest group of respondents.

The income of the selected clients of Pact Global Microfinance can be categorized into six groups. The data on level of household income summarized in Table (1) indicates that the respondents whose monthly household income between Ks 250001 and 350000 represent the largest group of respondents at 41.7%. Those respondents who have monthly household income of between Ks 150001 and 250000 is 26.7%, between Ks 450001 and 550000 is 13.3%, between Ks 350001 and 450000 is 7.7% and between Ks 550001 and over is 6.7%. The smallest group which represents between Ks 50000 and 150000 is 4%.

Respondents' household size is divided into four groups. According to the survey data in Table (1), it is found that there are a large numbers of small family size (1-4 persons) 56.34% and (5-8 persons) 42.33%. A big family size with (9-12 persons) is only 1.33

Respondents' frequency of borrowed loan is divided into (4) groups: once time,

between two and four times, between five and nine times and more than nine times. According to Table (1), it is found that there are a large numbers of frequency of borrowing (2-4 times) 15.3%, (5-9 times) 30.4% and (more than 9 times) 48.3%. A small borrowing time with (1 time) is only 6%.

The study on measuring service quality has focused primarily on how to meet or exceed the customer's expectations, and has viewed service quality as a measure of how the delivered service level matches customer's expectations. This study used SERVQUAL model to measure and evaluate the service quality of the Pact Global Microfinance in Chaung U Township. It is based on five dimensions: tangibles, reliability, responsiveness, assurance and empathy. Each dimension contains 5-7 statements. Each statement contains expectation scores and perception scores. Expectation score is based on the customer's prior experience expectation on the service level and perception score is based on the customer's perceived service level after having experience.

Assessing the quality of Pact Global Microfinance service using SERVQUAL involves computing the difference between the ratings customer's assign to paired expectation-perception statements. Specifically, Gap score (SERVQUAL score) for each statement pair, for each customer, is computed as follows:

$$\text{Gap Score} = \text{Perception Score} - \text{Expectation Score}$$

A positive difference indicates on the average that perceived reality exceeds expectations that should produce satisfied customers. On the other hand, a negative difference indicates that on the average perception of service delivery failed to meet the expectation level of service quality indirectly producing dissatisfied customers.

In order to analyze service quality of the Pact Global Microfinance as perceived by the customers, the data are collected through structured questionnaires and from these data SERVQUAL scores are calculated for the Pact Global Microfinance.

To analyze the service quality in tangible dimension, five statements are used to ask the respondents. Client's expectations, perceptions, Z and P values of each question are calculated and shown in the following Table (2).

Table 2. Comparison of Perception and Expectation for Tangibles Dimension

Sr. No	Statements	Median		Z values for sign test	p values
		Expectation (E)	Perception (P)		
1	Employees would have vehicles (or) motorcycles that facilitate work especially.	3.00	4.00	-5.209	0.000
2	Meeting hall and cash desk would be well cleaned and allowing confidentiality.	4.00	5.00	-12.89 1	0.000
3	Meeting place and style is good communication.	4.00	4.00	-0.321	0.748
4	Loan officers are wearing the neat and tidy dress.	4.00	5.00	-16.58 3	0.00 0
5	PGMF's meeting place is convenient.	4.00	5.00	-9.190	0.000

Source: Survey data, 2019

By the data presented in Table (2), calculated value of sign test is significant at 1% level. Therefore, there is difference between perception and expectation on "Employees would have vehicles (or) motorcycles that facilitate work especially." Since median value of perception is greater than expectation, clients perceive more than they expect on vehicles that employees use for transportation. Moreover, calculated value of sign test is significant at 1% level for statement 2. Therefore, there is difference between perception and expectation on "Meeting Hall and cash desk would be well cleaned and allowing confidentiality." Since median value of perception is greater than expectation, clients perceive more than they expect on hall and cash desk that the organization uses for meeting. Then, calculated value of sign test for third statement is no significant at 1% level. Therefore, there is no difference between perception and expectation on "Meeting place and style is good communication." Since median value of perception is equal to expectation, clients perceive as they expect on style that the organization holds for meeting.

To analyze the service quality in reliability dimension, seven statements are used to ask the respondents. Client's expectations, perceptions, Z and P values of each question are calculated and shown in the following Table (3).

Table 3. Comparison of Perception and Expectation for Reliability Dimension

Sr. No	Statements	Median		Z values for sign test	P values
		Expectation (E)	Perception (P)		
1	Employees have expertise about their job.	4.00	5.00	-5.209	0.000
2	MFI's provide necessary amount for clients' extend business	4.00	5.00	-12.891	0.000
3	Institution held weekly meeting within timeframe.	4.00	5.00	-0.321	0.000
4	PGMF's staff solves clients' problem with sincere interest.	4.00	5.00	-16.58	0.000
5	MFI has good management.	4.00	5.00	-9.190	0.000
6	MFI provides absolute time duration for training and education.	4.00	4.00	-9.644	0.000
7	MFI disburses Extra loan.	4.00	5.00	-15.590	0.000

Source: Survey data, 2019

According to Table (3), calculated value of sign test is significant at 1% level. Therefore, there is difference between perception and expectation on "Employees have expertise about their job." Since median value of perception is greater than expectation, clients perceive more than they expect on expertise that employees have for job. For statement 2, there is difference between perception and expectation on "MFI's provide necessary amount for your extend business." Since median value of perception is greater than expectation, clients perceive more than they expect on necessary loan amount that the organization disburses for their business. Calculated value of sign test is significant at 1% level. Then, calculated value of sign test for 6th statement is significant at 1% level. But there is no difference between perception and expectation on "MFI provides absolute time duration for training and education." Since median value of perception is equal to expectation, clients perceive as they expect on time duration that the organization spends on training and education.

There are six questions which are used to analyze the service quality in responsiveness dimension. Client's expectations, perceptions, Z and P values of each question are calculated and shown in the following Table (4).

Table 4. Comparison of Perception and Expectation for Responsiveness Dimension

Sr. No	Statements	Median		Z values for sign test	P values
		Expectation (E)	Perception (P)		
1	Loan officers tell exactly about when repayment will be performed.	4.00	5.00	-16.156	0.000
2	Employees take actions immediately when you make discuss.	4.00	5.00	-16.156	0.000
3	The employees of PGMF are willing to help you.	4.00	5.00	-16.217	0.000
4	Loan officers never too busy to respond to your request.	4.00	5.00	-16.40 1	0.000
5	Giving prompt answer when you are called.	4.00	5.00	-16.432	0.000
6	Employees help prompt client's problem.	4.00	5.00	-16.401	0.000

Source: Survey data, 2019

By the data presented in Table (4), calculated value of sign test is significant at 1% level. Therefore, there is difference between perception and expectation on "Loan officers tell exactly about when repayment will be performed." Since median value of perception is greater than expectation, clients perceive more than they expect on repayment system that clients amortize for loans. For statement 2, calculated value of sign test is significant at 1% level. Therefore, there is difference between perception and expectation on "Employees take actions immediately when you make discuss." Since median value of perception is greater than expectation, clients perceive more than they expect on actions that employee takes part in discussion. Then, calculated value of sign test for statement 3 is significant at 1% level. Therefore, there is difference between perception and expectation on "The employees of PGMF are willing to help you." Since median value of perception is greater than expectation, clients perceive more than they expect on necessary help that employee gives.

To analyze the service quality in assurance dimension, five statements are used to ask the respondents. Client's expectations, perceptions, Z and P values of each question are calculated and shown in the following Table (5).



Table 5. Comparison of Perception and Expectation for Assurance Dimension

Sr. No	Statements	Median		Z values for sign test	P values
		Expectation (E)	Perception (P)		
1	Employees are trustworthy in clients.	4.00	5.00	-16.280	0.000
2	Clients feel safe in transactions.	4.00	5.00	-16.432	0.000
3	Employees are consistently polite with client.	4.00	4.00	-15.812	0.000
4	Employees have knowledge to answer client's inquiry.	4.00	5.00	-16.401	0.000
5	Loan officer has given easy and clear information.	4.00	5.00	-16.125	0.000

Source: Survey data, 2019

According to Table (5), calculated value of sign test is significant at 1% level. Therefore, there is difference between perception and expectation on "Employees are trustworthy in clients." Since median value of perception is greater than expectation, clients perceive more than they expect on trust that employees have for clients. For statement 2, there is difference between perception and expectation on "Clients feel safe in transactions." Since median value of perception is greater than expectation, clients perceive more than they expect on safety that clients feel for transactions related to borrowing. Calculated value of sign test is significant at 1% level. Then, calculated value of sign test for 3rd statement is significant at 1% level. Therefore, there is difference between perception and expectation on "Employees are consistently polite with client." Since median value of perception is greater than expectation, clients perceive more than they expect on public relations that employees have for clients.

There are five statements which are used to analyze the customer satisfaction in empathy dimension. Client's expectations, perceptions, Z and P values of each question are calculated and shown in the following Table (6).

Table 6. Comparison of Perception and Expectation for Empathy Dimension

Sr. No	Statements	Median		Z values for sign test	P values
		Expectation (E)	Perception (P)		
1	MFI gives individual attention.	4.00	5.00	-16.006	0.000
2	Employees give timely communication.	4.00	5.00	-16.401	0.000
3	Employees provide personal	4.00	5.00	-16.187	0.000

	attention to you.				
4	Employees have customers' best interest at heart.	4.00	5.00	-16.432	0.000
5	Employees understand the specific needs of their clients.	4.00	5.00	-16.432	0.000

Source: Survey data, 2019

By the data presented in Table (6), calculated value of sign test is significant at 1% level for all statements. For statement 2, there is difference between perception and expectation on "MFI gives individual attention." Since median value of perception is greater than expectation, clients perceive more than they expect on individual attention that the organization pays for clients. For statement 2, median value of perception is also greater than expectation, clients perceive more than they expect on timely accuracy that employees give for communication. Then, there is difference between perception and expectation on "Employees have customers' best interest at heart." Since median value of perception is greater than expectation, clients perceive more than they expect on benefits that employees give for clients.

The overall mean score between respondent's expectations and perceptions on all service dimension provided by Pact Global Microfinance is described in Table (7).

Table 7. Overall Mean Gap Scores

Dimensions	Paired Differences				t	Sig.	Rank
	Mean Scores		Mean Differences	Std. Error Mean			
	Expectation	Perception					
Tangibles	3.65	4.07	0.42	0.04	11.99	.000	IV
Reliability	3.89	4.96	1.07	0.04	30.10	.000	III
Responsiveness	3.87	5.00	1.13	0.03	38.66	.000	II
Assurance	3.84	4.99	1.15	0.03	35.64	.000	I
Empathy	3.85	4.98	1.13	0.03	35.86	.000	II

Source: Survey data, 2019

According to the result, it was found that the mean difference of expectation and perception value of tangibles, reliability, responsiveness, assurance and empathy dimensions are 0.42, 1.07, 1.13, 1.15 and 1.13 and standard errors of mean are 0.04, 0.04, 0.03, 0.03 and 0.03 respectively. The paired sample t-value of these dimensions are 11.99, 30.10, 38.66, 35.64 and 35.86 and all significant values are 0.000. And then, It can be said that, tangibles, reliability, responsiveness, assurance and empathy dimensions of perception and expectation are not the same at the 1% level of significant and it had positive gap score on all dimensions. Therefore, borrowers are satisfied on all dimensions of Pact Global Microfinance. It was also found that the dimensions of tangibles, reliability, responsiveness, assurance and empathy have the

positive overall mean differences so that PGMF can give more customer satisfaction on all dimensions which have more perception than expectation on the services. For the entire overall mean difference, Pact Global Microfinance can give the positive customer satisfaction level.

## **V. Conclusion**

In this study, the gap between expectations and perceptions of all respondent groups were analyzed in order to investigate what attributes of service quality meet, exceed or fall from their expectations.

It can be found that most of the respondents' age are over fifty years old. And then most respondents are married. Other respondents are single, divorcee and widower. Most of the respondents are at agricultural work and most of the respondents are primary level. The respondents who have monthly household income between two lakhs and fifty thousand and three lakhs and fifty thousand represent the largest group. The highest group is the respondents who borrowed above nine times.

Firstly, this research examined the Pact Global Microfinance clients via questioner survey and explored clients' expectations on every service attribute and their perceptions. Secondly, the overall service quality of Pact Global Microfinance is a construct of five dimensions namely: Tangibles, Reliability, Responsiveness, Assurance and Empathy.

Regarding with tangibles dimension, calculated values of sign test for first, second, fourth and fifth statements are significant at 1 % level. So, there are difference between perception and expectation on these statements. Median values of perception are greater than expectation for the above statements, clients perceive more than they expect on these statements. Then, calculated value of sign test for third statement is not significant and median value of perception is equal to expectation. Therefore, PGMF should choose better meeting place and style for good communication.

In reliability dimension, calculated values of sign test for first, second, third, fourth, fifth and seven statements are significant at 1 % level. Therefore, there are difference between perception and expectation on these statements. Median values of perception are greater than expectation for the above statements, clients perceive more than they expect on these statements. Then, calculated value of sign test for sixth statement is significant at 1% level. But there is no difference between perception and expectation on this statement. Therefore, the organization spend

adequate time duration for training and education.

Regarding with responsiveness, assurance and empathy dimensions, calculated value of sign test for all statements is significant at 1 % level. And also, there are difference between perception and expectation on all statements of these dimensions. Median values of perception are greater than expectation for the statements of above dimensions, clients perceive more than they expect.

Among five dimensions of service quality judged on the services offered by Pact Global Microfinance, tangibles client's perceptions are little greater than their expectations by overall mean. This study indicates that median values of perception are greater than expectation for the most statements of tangibles dimension, clients perceive more than they expect. But median value of perception is equal to expectation on "meeting place and style is good communication" statement. Therefore, Pact Global Microfinance should provide meeting facilities like tables and chairs and meeting place without noisy. Then, the organization should also provide employees' vehicles that fit for rural area.

Regarding with reliability dimension, Pact Global Microfinance provides financial literacy training for new clients; gives loans for micro and small businesses, livestock, agriculture, equipment, education and health emergencies; provides deposit service and provides cash transfer services for selected development projects. But the organization should provide effectively and efficiently training and education for their clients and have absolute time duration for this training. Then, training and education for technical assistance and operational assistance is still needed for better performance. In addition, microfinance provider should give training to clients for improving social skills and business skills. So, clients may have confidence in these skills and this may lead to better performance. As a consequence, clients' economic conditions and social conditions will also more improve.

From the analysis conduct, all five dimensions of SERVQUAL have a significant relation with customers' satisfaction. Finally, it can be said that there are customer satisfaction on service quality of Pact Global Microfinance in Chaung U Township. Therefore, Pact Global Microfinance should maintain and improve service quality to get better customer satisfaction and reliability.

Since Service quality is essential in today's competitive market, it is equally important that only superior customers' service can deliver. A business that caters to their customers' needs will inevitably gain the loyalty of their customers. This is resulting in repeat business as well as potential referrals.

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