

Assessment On The Service Quality Of Taytay Sa Kauswagan, Inc. (Tski)

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Abstract: Microfinance is the practice of providing credit, insurance, savings, and other financial services to very poor clients who are unable to avail of such services from traditional banks and insurance companies. Microfinance gives them the tools to start small businesses and generate income, to move up the economic ladder and become self-sufficient. Service quality is determined by what the customers perceive. Very often, companies define service quality apart from what the customers perceive of the quality. The purpose of this study is to assess the service quality of Taytay sa Kauswagan, Inc. To meet the purpose, the descriptive method was utilized in the study. The researcher conducted library research for research literature as well as the browsing the internet. Focus Group Discussion was also used to determine the problems met by TSKI clients. After the analysis of data gathered, the researcher came up with the following findings. Most of the respondents are female, ages 45 – 54 years of age, belong to family with 4-5 members, married, able to finish their secondary level of education, and have no job. All assessments being considered on service quality of MFIs using its dimensions are indicative of differences or negative gap scores implying that the expectations are not met by these MFIs in delivering quality service to their clients. The common problems of the MFI's clients are related to the behavior of MFI employees and co-members, MFI facilities and policies. The researcher proposed an institutionalized customer service program that may intervene to upgrade the customer satisfaction of clients through service quality.

Keywords: Microfinance, Service Quality, MFI, TSKI, Service Gap

1. Introduction

On the basis of its promise to reduce poverty, Microfinance Institution or MFI all over the world, seemed to be overrated, as it is widely acknowledged today as a tool for assisting people in alleviating their poor condition. Since it has become almost the exclusive domain of non-governmental organizations (NGOs), which are normally unregulated by any government and similar non-profitable institutions, it has continually been developed as an industry nowadays. Microfinance is the practice of providing credit, insurance, savings, and other financial services to very poor clients who are unable to avail of such services from traditional banks and insurance companies. Microfinance services are delivered to the poor through microfinance institutions (MFIs). Moreover, microfinance gives them the tools to start small businesses and generate income. This enables the poor to move up the economic ladder and become self-sufficient. In spite of the continuous growth and honors reaped by the country's microfinance institutions, a number of problems are continued to be encountered which need immediate attention. The most prevalent among these problems is the over-indebtedness of most micro members who have multiple loans in various MFI's. Triggered by stiff competitions, there seems to be tolerance among MFI's in approving loan proposals with unreal and non-existing businesses to be used by members for other purposes - to pay their daily dues to other different MFI's from which they are also members is their primary. Meanwhile, as stated by the National Statistics Office in 2014, the number of microfinance institutions' members in Batangas province has increased by 28 percent. Most of them are from rural areas of the province and work in different service sectors, while others are self-employed and micro entrepreneurs. The common experiences these members have about MFI's are the complaints about their multi-tasked coordinating officer who collects and deposits payments, processes and approves loans, troubleshoots

problems on the last minute, non-payments among others, questions on the system of their interest rates and vagueness of some policies which usually appeared only when the problem arises. Because of these sentiments, members feel that they are not given the importance which is far flung from the original and main objective of every MFI - to help the marginalized sector of the society. Thus, this results to some wayward attitude of dissatisfied members, which causes the ballooning of overdue payments and non-collectable accounts on the part of MFI's. Taytay Sa Kauswagan, Incorporated (TSKI) or "Bridge to Progress" was founded last September 1, 1986. It was established towards lifting our least privileged brothers and sisters from poverty by assisting them to develop an income generating projects and job creating micro-enterprises. TSKI had closely adheres to its role as catalyst in increasing productivity through business development and holistic transformation. TSKI started its operations October 1, 1986 with a start-up capital of Php2,500.00 and three (3) employees. TSKI initially started with Micro Enterprise Development Project (MEDP) or small loans to individual micro-entrepreneurs as a means to expand their business, create jobs and strengthen the existing ones. In 1992 Professor Mohamad Yunus from Bangladesh visited Iloilo City, Philippines and presented the Grameen Bank Methodology, and encourage TSKI to adopt the group loan concept in its microfinance operation. In 1997 after 3 years of Grameen implementation, TSKI came out with its own group lending methodology, a product from its learning from the Grameen method and interaction with other methodologies present in the Philippines. The new method is known as Proyekto Kauswagan sa Katilingban (PKK). In 2002, TSKI established its Microfinance SUCCESS Institute - Business Development Services (MSI-BDS). Department to provide the needed capability training to its staff and to its clients, a non-financial services aiming to improve their economic and/or entrepreneurial activities. For over a period of twenty three years (23) years of operations, TSKI has

been involved in different programs that helped the poor in CALABARZON, MIMAROPA, Bicol Region, Visayas Regions, Zamboanga Peninsular, Northern Mindanao, Davao Region and Caraga. While its main thrust for social development is micro-enterprise, yet TSKI continued to pursue other programs that would address poverty in the different sectors of our community. The three major services offered by TSKI are as follows: Livelihood Loans, Business Development Services and Community Based Organizing¹. Quality has been recognized to be one of the key drivers of business efficiency and business excellence. Companies with high quality products services are not only able to retain their satisfied customers but also increase their customer outreach by attracting new ones. Delivering high service quality is the main factor to ensure business success brought by customer satisfaction². Service quality is determined by what the customers perceive. This means that customers play an important part in judging service quality. Very often, companies define service quality apart from what the customers perceive of the quality. This resulted to time and money being poorly invested to poor quality programs. In connection to this, since customer requirements are the determinants for quality³ and supplier performance measured without customer expectation is futile, service providers must be able to know and understand what those expectations are⁴. This is due to the fact that customers tend to seek out products and services that they believe will provide them with the best value⁵ stated in her book that, in order to provide excellent customer service, service providers must empower their employees, develop strategies that will meet today's customer's needs, and properly utilize their technology and information. One of the best ways to become a better customer service provider is to become a better customer. The researcher knows that majority of the Filipino families want to uplift their status in life to support the needs and educate their children for them to have a decent life. Lacking of gainful employment in the country, they always look for alternatives as livelihood or source of income like putting up a small business to start with which MFI can provide that can help them to improve the quality of their life. But this noble objective will not be realized if the local MFI's will continue to disregard the problems caused by their not so serious take on service quality. This is indeed what aroused the interest of the researcher to conduct a study to improve the customer services offered by the microfinance institutions.

2. Objective of the Study

This study aims to assess the service quality of Taytay sa Kauswagan, Inc. (TSKI).

Specifically, this seeks to answer the following questions:

1. How may service quality be described in terms of :
 - 1.1 Tangibles;
 - 1.2 Reliability;
 - 1.3 Responsiveness;
 - 1.4 Assurance; and
 - 1.5 Empathy?
2. What are the common problems met by selected MFI's with reference to service quality?
3. What intervention program may be proposed to upgrade customer satisfaction through service quality?

3. Methodology

This study aims to assess the service quality of Taytay sa Kauswagan, Inc. (TSKI), with the end in view of proposing intervention program to upgrade customer satisfaction through service quality. In view of this, the researcher used the descriptive method to gather information about the research being studied. Descriptive Research is a type of research used to describe the data and characteristics about what is being studied and involved the collection of data in order to test hypothesis or to answer questions concerning the current status of the subject of the study. It is also believed that this type of research design is the most appropriate one in view of the fact that it could best address and explain the information and attributes needed in assessing the service quality of TSKI. The respondents of the study are the TSKI clients of 6, 590 who availed the MFI services particularly loan. The researcher used Slovin's formula with a 5% margin of error to determine the sample size and simple random sampling to identify the respondents. A simple random sampling is a subset of a statistical population in which each member of the subset has an equal probability of being chosen. A simple random sample is meant to be an unbiased representation of a group⁶. Most of the respondents are female, ages 45 – 54 years of age, belong to family with 4 – 5 members, married, able to finish their secondary level of education, and have no job. Survey questionnaire is the main data gathering instrument used in the study. A standardized SERVQUAL questionnaire was used. It is the most common and widely used measurement of service quality consisting of 22 pairing questions for expectation and performance of quality developed by Parasuraman et. al in 1985.⁷ Question numbers 1 – 4 pertains to the tangible dimensions; questions 5 – 9 refers to the reliability dimension; questions 10 -13 deals with the responsiveness dimension; questions 14 – 17 reflected assurance dimension; and numbers 18 – 22 represented empathy dimension.

Table 1: Scoring of Responses

Option	Verbal Interpretation	Range	Quality Interpretation
7	Strongly Agree	6.50-7.00	Excellent
6	Agree	5.50 – 6.49	Very Good
5	Somewhat Agree	4.50 – 5.49	Good
4	Neither Agree or Disagree	3.40 – 4.49	Satisfactory
3	Somewhat Disagree	2.50 – 3.49	Poor
2	Disagree	1.50 – 2.49	Very Poor
1	Strongly Disagree	1.00 – 1.49	Unacceptable

Focus Group Discussion was also considered as one of the instrument used to assess the problems met by the clients with regards to the service quality of TSKI. The statistical treatment is necessary to determine the natural tendencies of the responses. All the collected data were tallied so that the responses of the total number of respondents in each item could simply be analyzed. The gathered data were interpreted and analyzed through percentage and weighted mean.

4. Results and Discussion

This section presents the finding of the study. The researcher analyzed the data gathered through library research and review of literature.

Service Quality of TSKI as Perceived by the Client Respondents.

The assessments of the respondents' expectations and perceptions on the five service quality dimensions of the TSKI MFI's are presented in the following tables.

Table 2: Assessment on the Service Quality of TSKI

SERVQUAL	Expectations	V. I.	Perception	V. I.	Service Gap
Tangibles	6.73	SA	5.87	A	-.86
Reliability	6.73	SA	6.00	A	-.73
Responsiveness	4.46	NA/D	4.03	NA/D	-.43
Assurance	6.74	SA	5.99	A	-.75
Empathy	6.71	SA	6.08	A	-.63

Legend: E<P=QS; E~P=SQ; E>P=UQ

Tangibles. Tangibles refer to the physical facilities, equipment, and appearance of personnel. This refers to the appearance of physical facilities, equipment, personnel, and communication materials⁸. TSKI got an overall weighted mean of 6.73 for their expectation while 5.87 on their perception. With this, it creates a score gap of -0.86 which manifests an unacceptable quality. In most cases, Microfinance institutions do not give much emphasis on their facilities and tangible aspect of their service. For them, there are only few customer whether internal or external who visited their site. Large portion of their operations are field where their men visit house to house. The facilities will add credibility on the selected MFIs. Even the men who serve as credit collectors, they must be in their uniform to increase the perceived quality on the services they provided.

Reliability. Reliability as the next dimension that reflects the consistency and dependability of a firm's performance. This term refers to the ability to perform the promised service both dependably and accurately⁸. TSKI overall weighted mean of 6.73 for their expectation while 6.00 on their perception. With this, it creates a score gap of -0.73 which manifests an unacceptable quality. For every financial institution, reliability seems to be the most important aspect of their service. It can make or break the welfare of the company. But on the TSKI, maintaining high quality in term of reliability is a challenge since the persons whom the clients are often talking is their credit collector and the extent of decision making for the collector is too limited that's why they cannot make a promise and priorities. Thus, clients' expectation exceeds to those what they perceived. Kotler and Keller (2012)⁹ added that it is the single most important dimension of service quality which focuses on service priority. Manifestations of this dimension as listed can be summed up as doing what has been promised, dependability, meeting obligations on promised time, accurate recordkeeping, and being sympathetic and re-assuring to the problematic clients.

Responsiveness. The third dimension of service quality is responsiveness. Responsiveness refers to the firm's commitment to providing service in a timely manner of their willingness to help customers and provide prompt service⁹. TSKI got an overall weighted mean of 4.46 for their expectation while 4.08 on their perception. With this, it creates a score gap of -0.43 which manifest an unacceptable quality. The customers, clients or guest expect a lot in the provider or the microfinance institutions. They are in a financing company and expected that they must be prompt to any request by the client since they deal money. Hence, any mistakes committed by the member of the company will lead to irritation of clients. According to Levy et.al (2010)⁴, the longer it takes for a service provider to resolve the service failure, the more irritated a customer will become and the more likely to tell about the problem. Responsiveness is reflective of the firm's commitment to provide service when it is needed. Indicators of which as listed are inability to inform clients when services are to be performed, inability to provide prompt service, willingness of the employees to help, and refusal of clients' request since they are too busy. Results show slight differences on the perceived expectations and the actual delivery of service quality among the respondents.

Assurance. Assurance dimension addresses the competence, courtesy, and security of firms' operations. It also includes supportive, polite and trustworthy employees. Negative results yield also in this dimension as the actual performance assessments are lower than the expected set performance. TSKI have a negative score of -0.75 based on expectation score of 6.74 and perception score of 5.99. This makes TSKI be said that they provide unacceptable service quality. Though it is still unacceptable service quality, it indicates that somehow the employees' politeness almost meet the clients' expectations. This is due to the fact that they often interact with the collectors and somehow they create good relationship with them. However, the collector whom they already trusted will be designated to other destination and assign another person to collect their payments as part of the company risk management strategies. The finding is in accordance to the rotation of the collectors is one of the strategy to lessen the risk of having collaboration with members. At the same time, it will serve also a protection of the collectors so that their collecting pattern will be different to avoid the risk associated with their lives¹⁰.

Empathy. In the empathy dimension, the idea of putting oneself into the shoes of the clients, giving them personalized and individualized attention, thinking for their best interest by providing them convenient operating hours are manifestations of this service quality. TSKI has 6.71 and 6.08 score for their expectation and perception respectively. Due to this, it can be calculated that the score gap is -0.63. All of these can be verbally interpreted as they are providing unacceptable service quality. The quality of service is indeed more difficult to assess than the quality of goods. Most experts have agreed to the idea that, since customer satisfaction, as a short term transaction between a business entity and customer, is easier to measure than service quality which entails to develop an attitude formed by a long term evaluation of a performance of the customers.

Common Problems Met by TSKI with Reference to Service Quality

To answer this objective, the researcher used the focus group discussion (FGD) to the MFIs' clients. They discuss and validate the results of the survey. They were asked what are the common problems encountered when they transact with TSKI. The researcher come-up with 4 problems. The first problem met by the clients is the feeling of unwelcome treatment by the employees of the MFIs. Most of the time as they transact with employees in the main office, they often been treated unwelcomed. They let the clients feel that they really need them since the clients will borrow money. For the clients, even they are poor and in need of money they must be treated professionally. The second problem met by the clients is the unavailability of uniform for the employees specifically those who are in office. Those new members are not familiar with the employees of the MFIs hence it is hard for them to transact because they do not know the right person whom they will talk. The third problem can be considered as the most critical among all. They encountered that the group remit their payment to the collector however the collector failed to remit the payment to the company, hence there are two collectors who visit them to collect the payments that is already paid. The fourth problem determined during the discussion is the appearance of the facilities of the office. They find it unappealing since it is typical office where there are lots of crowded papers. There is not enough facilities for their client as they wait for the loan grant. There are also insufficient furnitures to make the ambiance of the office appealing and welcoming. They also noticed that there is insufficient number of signages to be followed by the clients.

Intervention Program to upgrade TSKI customer satisfaction through service quality.

Based from findings, the researcher proposed an intervention program to upgrade customer satisfaction through service quality. This intervention program contains specific activities to exemplify TSKI MFI's the importance of the chosen program to improve customer service and service quality in meeting not just the needs but also the expectations of their clients.

Table 3: Proposed Intervention Program

Key Indicators	Objective	Activities	Parties Involved
Functional and upgraded facilities and equipment.	To acquire modern facilities and equipment.	Upgrade the MFI facilities and equipment	MFI Management
Well dressed and neat employees	To appear neat and pleasant to the clients, in wearing uniform for company identification	Have a mandatory uniform for the MFI employees	MFI Management MFI Employees
Sympathetic and Reassuring MFI.	To facilitate improved customer feedback.	Customer Care	MFI Management Customer Care Representative

Promptness in responding to customer's request.	To delight the clients.	Mystery Shopping	MFI Management MFI employees
A polite MFI employees.	To enhance customer satisfaction	Customer Care	MFI management MFI employees MFI clients
Individualized attention to MFI customers.	To improve service quality	Customer Care	MFI employees

“Customer service” encompasses several key concepts, including: consistent service, client protection, financial innovation, serving the previously un-served, or developing ways to deliver added value for clients with non-financial services (e.g. healthcare or business training). Generally the program is aimed to upgrade the customer satisfaction and service quality of the MFI.

5. Conclusion

All assessments being considered on service quality of MFIs using its dimensions by their member respondents are indicative of differences or negative gap scores implying that the expectations are not met by these MFIs in delivering quality service to their clients. The common problems of the MFI's clients are related to the behavior of both employees of MFIs and co-members, facilities and policies of MFIs. The researcher proposed an institutionalized customer service program that may intervene to upgrade the customer satisfaction of clients through service quality.

6. Recommendations

The Taytay sa Kauswagan, Inc., shall look into the process of how clients make their expectation and perception as this can be a subject to strategies for which they can influence the outcome. There is a great need to strengthen and observe properly the selected policy, especially on transactions concerning the availment of products and services of the MFIs to avoid more problems to occur. Also, they may consider profile variables such as age, gender, civil status, size of the family, highest educational attainment and occupation to affect expectation and perception in formulation and execution of strategies. The proposed intervention program may be considered with proper action plan, implementation, monitoring and evaluation mechanism.

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