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Customer Satisfaction Measurement:
A Study of Efficiency Assessment of
State Enterprise Banks in Thailand

บทคัดย่อ

องค์กรธุรกิจในปัจจุบันจำนวนมาก ได้มีการนำเครื่องมือทางการบริหารธุรกิจและเทคนิคการประเมินผลการดำเนิน
งานต่างๆ มาใช้กันอย่างแพร่หลาย แต่พบว่า วิธีการประยุกต์ใช้เครื่องมือดังกล่าวมีความไม่สอดคล้องกับแนวคิด
พื้นฐานดั้งเดิมของเครื่องมือนั้น โดยเฉพาะอย่างยิ่ง กรณีการนำเอา Balanced Scorecard มาใช้ในการวัดผลการ
ดำเนินงาน และการประเมินผล ซึ่งบางองค์กรพบว่า มีโครงสร้างและระบบงานที่มีความซับซ้อนในการดำเนินงาน
อันจะส่งผลต่อการกำหนดตัวชี้วัดต่างๆได้ โดยเฉพาะอย่างยิ่ง การนำผลการวัดความพึงพอใจของลูกค้ามาสรุปผลการดำเนินงานว่า
มีประสิทธิผล เพียงใด อีกทั้งการวัดความพึงพอใจของลูกค้าเป็นการวัดเพื่อประเมินผลกิจกรรมที่องค์กรนั้นสร้างสรรค์ขึ้นมาเพื่อให้
บริการกับลูกค้าโดยไม่เชื่อมโยงกับกลยุทธ์ขององค์กร ยิ่งไปกว่านั้น หากองค์กรนั้น ๆ มีการเปลี่ยนแปลงผู้บริหารระดับสูง กลยุทธ์
ขององค์กรอาจจะเปลี่ยนแปลงไปตามนโยบายของผู้บริหารที่เข้ามาใหม่ หรือสภาพแวดล้อมมีการเปลี่ยนแปลงไป แต่กิจกรรมของ
องค์กรก็ยังคงเป็นงานประจำ ไม่มีการปรับเปลี่ยนแต่อย่างใด นอกจากนี้ก็ยังมีเรื่องการไม่บูรณาการกัน (Integrated) การไม่
สอดคล้องกันของผู้บริหารระดับสูงกับฝ่ายดำเนินการก็ยังคงมีปรากฏ

คำสำคัญ: ความพึงพอใจของลูกค้า ประสิทธิผลขององค์กรธุรกิจ ธนาคารรัฐวิสาหกิจ

Customer Satisfaction Measurement:

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ABSTRACT

Currently a large number of business organizations apply various business management tools and operation assessment techniques. Unfortunately, it has been discovered that the application does not comply with the original basic concept of the tool. For example, some organizations, with complicated organization structure and work systems, apply the Balanced Scorecard in measuring the operating results and assessing effectiveness, which have impact on key performance indices assigned. In some cases, performance effectiveness is evaluated via customer satisfaction, while customer satisfaction is merely the assessment of activities created to serve customers. Such activities may be linked to the organization strategies only in a very small part. Furthermore, if there is any change in the top management, the strategies may be changed according to the policy of the new management, or there may be change in environment, while activities of the organization may remain routine without any changes. There may still be discrepancy in integration and alignment between management at the high level and the operating level.

Keywords: Customer Satisfaction, Efficiency of Business Organization, Enterprise Banks

THE SIGNIFICANCE OF THE PROBLEM.

Kaplan & Norton (1996) presented an idea about Balanced Scorecard, Alignment and Strategic Map. They invented indicators of four dimensions that tie short-term activities to the long-term objectives of the organization. However, this line of thought was originated from the accounting management (Akkermans & Oorschot, 2002). Each step of the process acts as driving force to the subsequent step, that is

Learning → Internal Process →Customer Satisfaction → Finance

However, the current business organizations which measure customer satisfaction still emphasize this indicator so as to link it to the financial indicator, in terms of profit, which does not align and is not suitable. In other words, measurement of customer satisfaction is the measurement of customer reaction towards specific services in activities which the organizations provide. This agrees with Heineke's statement. (Heineke 2003)

For satisfaction measurement, it is actually the service quality measurement (Chalermjirarat 2000, p.14) either in the form of equal service providing, rapid and continuous service providing (Chaihard 1989, p.65), convenience in being served, staff measurement, duration in service providing, or data derived from service providing (Tanthai,1990, pps.66-69). Customers will be satisfied with service providing when their needs are directly responded as of their expectation. Their less or much satisfaction will depend on difference between things they get and those they expect. (Lorpraditpong 2006).

When speaking about the use of Balanced Scorecard's customer satisfaction in the customer dimension in assessing the performance either on the financial performance of the profit organization or on the customer's views toward the non-profit organization (Kaplan & Norton, 2001) derived from the changes of vision, mission, and goals that the organization expects in the forms of working plans or activities of which the goal value is set and the benchmark is determined, it is so important that the staff know the organization's strategies and the Balanced Scorecard used .

STRATEGY CHANGE

In financial business institutions, such as commercial banks, particularly the six state enterprise banks in Thailand, there have been frequent changes in management members. This is due to the national economic environment being affected by world economy, change in the political environment, change in the government, change of Minister of Finance. Such changes may cause alteration in management members of some of state enterprise banks. These management positions last by term. Even though the appointment is done through the selection process, there must be the performance evaluation covering the period in accordance with the State Enterprise Acts.

Hence, from the above mentioned, it is unavoidable that whenever the Minister in charge of the state enterprise is changed, it directly or indirectly affects more or less the management of the state enterprise banks. The strategies and the supporting plans have to be made according to the policy of the Minister in charge. (The policy may be derived from the political party he belongs.) For example, in the case of Prime Minister Abhisit Vejajiva, he ordered the cancellation of merging the SME Development

Bank with the Small Business Credit Guarantee Corporation, and the government resolved the economic deflation by instructing the four state enterprise banks to inject money into the system. This is because the commercial banks refused to grant the credit line to private sectors for fear of the bad debts. These banks are Krung Thai Bank, Government Saving Bank, SME Development Bank of Thailand, and Bank of Agriculture and Agricultural Cooperatives. (http//www.108acc.com/index.php?mo=14&newsid=82149). These state enterprise banks have to change strategies to be in line with the policy of the Minister in charge. This means all 6 state enterprise banks have to change strategies rather frequently (because most governments do not complete their terms).

AN INTERFERENCE VS APPROPRIATENESS

There was the change in political environment, but the routine operations of organizations and personnel continued as usual. That was to comply with the laws (Angkhasrithongkul 2009). In addition, there were changes or appointments of bureaucrats by these politicians, and incurred alignment problem as a result of external influence (by politicians) and internal influence (by high-level management personnel) (Johnston & Pongatichat 2008). Furthermore, the Board of Directors of these state enterprises consisted of knowledgeable people with relevant experiences, and qualified people without experiences or skills pertaining to the business. Not only the effect from the appointment by the Minister in charge, the influence of politicians or of high-level management's intervention in staff members' routine operation, or exercising influence over normal operation, for example, granting credit to under qualified applicants, authorization without thorough investigation, disregarding some qualifications required, or allowing excessive trust.

In terms of operation, financial transaction services in particular, remain routine and unchanged. Some banks receive favorable feedback on customer satisfaction which is evaluated according to the consultant firms' guidelines. The banks may be facing financial problems such as, decline in revenue, and increase in bad debts which is the external influence. Akkermans & Oorschot (2002) said that the Balanced Scorecard overly emphasized the internal process. Hence, the customer satisfaction measurement benchmark will not be suitable for the financial measurement benchmark used in assessing the efficiency of state enterprise banks in Thailand.

Table 1 : Bad Debts as at 31 December 2008

Bank	NPL (%) as at 31 December 2008
Krung Thai Bank	5.39%
Govt Saving Bank	19.64% - People's bank project
	5.50% - Personal loan
	4.06% - Total loan
Govt Housing Bank	6.42%
SME Development Bank	49.62%
EXIM Bank of Thailand	9.24%

Source: Results of assessment by consultant companies (TRIS)

MANAGEMENT TOOL : CUSTOMER SATISFACTION

Management of an organization values some of the management tools. The tools which are popular for the organization improvement emphasize customer satisfaction (Lorpraditphong 2006). Even Thailand Quality Award (TQA), Balanced Scorecard, and ISO 9001 version 2000 among the others value the importance from the customer's point of view.

The Balanced Scorecard is the tool used to convert vision and mission into systematic implementation. It balances the importance of the four angles (Kaplan & Norton 1996), Financial Perspective, Internal Business Process Perspective, Customer Perspective, and Learning Perspective. Furthermore a number of studies reveal and confirm close correlations between customer satisfaction and financial results of the business that they incline to go in the same direction. In the United States, the American Customer Satisfaction Index (ACSI) was used to survey consumers' satisfaction nationwide in both governmental and private sectors with well over 65,000 samples. The survey results revealed that customer satisfaction had significant positive correlation with financial results such as, Return on Investment (ROI), Economic Value Added (EVA), and Return on Asset (ROA).

Table 2 : Result of the Study on Relationship between Customer Satisfaction and Performance

Studied by	What Satisfaction is related to
Anderson, Farnell & Lehmann (1994)	ROI or Return on Investment
Johnson & Gustafsson (2000)	Customer Loyalty and Profit
Anderson, Farnell & Mazvanchery (2002)	Shareholders Values
Rust & Zahorik (1993)	Market Share & Profit

Source: University of Michigan National Quality Research Center referred by Nathapat Lohpraditphong, 2006

The results of the studies on the correlation of customer satisfaction and business results are the studies relating to marketing and customer services. In the United States the ACSI Model which is used in the studies on customer satisfaction, applies the Multi-equation econometric model in measuring the satisfaction at nationwide level. There are three principal factors that indicate consumer satisfaction:-

Customer Expectation
Perceived Quality
Perceived Value

If the outcome is positive, it means that the customer loyalty will likely lead to customer retention, including reinforcement in obtaining new customers, or increase in number of customers as a result of words of mouth. It will eventually enable the organization to increase market share or to expand market.

As for business operations, all the six state enterprise banks in Thailand (excluding the Islamic Bank) survey customer satisfaction. This is to comply with the consultant companies' requirements (Angkhasrithongkul 2009). For example, the Krung Thai Bank surveys customer satisfaction annually, twice a year. One is a survey in the central, and the other is a survey of branch offices upcountry. Such surveys focus on routine services of front offices without covering all other operations such as,

process of credit authorization, loan repayment, advice on investment opportunities, and the most important, internal customers who are bank employees (Phoowitayaphan 2009). The bank should evaluate satisfaction and look for solutions promptly should there be problems. This should be carried out twice a year with continuous improvement (BenAvram 2005). The efficiency index by The Thai Rating and Information Services Co., Ltd. (TRIS), allows weight for customer satisfaction at 5%, but much more weight for other operations such as, risk management, internal audit, etc. The customer satisfaction, therefore, should not be the sole factor for assessing the operations or financial performance of the six state enterprise banks. Furthermore the six state enterprise banks do not evaluate satisfaction of internal customers who are bank employees, regarding them as operative employees who are supposed to follow the Management's instructions.

According to the report of the consulting company (TRIS 2009), the committee on the setting of the agreement for the Ministry of Finance notice that the result of assessing the performance on most of the state enterprise banks' customer satisfaction is the straight 5 for the score. For the Export and Import Banks of Thailand, the debt structure is adjusted according to the government's Fast Track policy and more projects can be asked for approvals and this leads to satisfaction of most customers. When considering in the form of Turnover value, it is found that some are short-term speedy cash for 3-6 months. The Export and Import Banks of Thailand cannot achieve their goals (11,075 million baht lower than their goals) and the NPLs are increased during the years equaling 3,661.01 million baht) (TRIS 2009).

The performance as of the 2008 fiscal year of the SME Development Bank of Thailand is lower than their goals. The NPLs ratio per credit and debt is 9.24% (TRIS 2008) even though the customer

satisfaction score is higher up to 4.9700. The State Enterprise Banks' measurement is only on Brand Perception Awareness which is the measurement in which the other views are not taken into account (Philips 2007 and Ledoux 2009) and the income does not happen via the customer satisfaction.

For the Government Saving Banks, their organization structure is not accorded with their main business operations. Their salary structure is lower than those of the other financial institutions. They lack of the skillful staff and their staff do not know the Balanced Scorecard. This can be seen from the banks' trainings on the use of Balanced Scorecard at present. The staff lack of expertise in business credit analysis and strategy setting. They have to be ready for the Change Management according to the recommendations of the agreement committee (TRIS 2009).

For the Government Housing Bank, despite their efficient debt-following and their continuously reduced NPLs (TRIS 2009), these do not affect their customers' satisfaction.

The Krung Thai Banks are the only banks that achieve their performances. They can adjust the credits according to their goals (61.91 million baht per one staff which is higher than the norm at 56.67 million baht per one staff). They are the only one bank that surveys the staff's satisfaction.(Lertumpornphaisarn,2010)

When considering the agreement between the customer satisfaction and the Thai state enterprise banks' strategy, it is found that Bank of Agriculture and Agricultural Cooperatives is the bank of which the policies respond to the government in helping many poor agriculturalists. They suspend the debt payment in comply with the government's policy and this makes the agriculturalists satisfied.

FREE-RIDE-TRAP

As the bank executives' performances to respond to the government's policies in various aspects as well as the performance result in the form of the accounting figures, they may misunderstand that the banks are efficient in managing the NPLs. Actually, those debts still exist and tend to increase more and more like the government's Fast Track policy. This is in the form of the two types of credit: the rapid loan with the special interest rate and Refinancing. This means that the customer has debt with the other bank and asks for the credit from the Government Housing Bank. This is just regarded as Refinancing. (Wiratkaphan 2010) Mr. Pricha Thongkhlai (2009) mentioned that currently banks had a large amount of bad debts, especially the SME Bank. The reason for it was that the banks had to respond to the Government's policy in recovering the economy according to the committed mission (Angkhasrithongkul 2009), by granting credit line to medium and small size entrepreneurs according to target. The Government set loan target for 2010 at Baht 100,000 m. Furthermore the amount of bad debts had increased, particularly in the case of the Government Saving Bank which adopted the policy of increasing credit line. The financial strategy was to allow new loans to the same debtors to offset against old debts. There would still be some credit balance after the offset in the old accounts. The NPL was then settled. As a matter of fact, there were still outstanding debts in the accounts with larger amounts, because they were the same debtors. The Governor of the Bank of Thailand disclosed that the NPL of normal loans in 2008 had increased by 64%, but did not qualify from which loans. (http://thainews.prd.go.th/view.php?m__newsid= 255105140...).

Furthermore, the financial reports of the banks with bad debts included quarterly reports on interest earned from NPL capital. This might lead viewers to understand that such interests were revenue or profit in spite of being NPLs. This means that the evaluation of operation results was not in line with the objectives of strategies (Kaewkuntarat 2008, Angkhasrithongkul 2009, Jones 2008) of all these state enterprise banks. Profit or loss was not indication of efficiency, because efficiency means production with quality and low cost. Profit may arise from monopoly and free pricing without efficiency, while loss may be from price control at low ceiling by state, or from state policy (Sirasoonthorn 2008) which may differ from that of commercial banks, and evaluation of performance of state enterprise banks is not in compliance with that of other financial institutions. The objectives and strategies of state enterprise banks are not necessarily be profit oriented.

AN APPROPRIATENESS

The roles of key persons who incurred alignment problem between strategies and financial results of the six state enterprise banks are their top management (Johnston & Pongatichat 2008). They have to respond to the policy of politicians, new Ministers who want to create activities to comply with policy of politicians, or political parties to which they belong. They are responsible for corporate alignment, while the planning and operations are the responsibilities of the middle management. The middle management translates corporate objectives into operational plan for staff to adopt as individual alignment and to implement (Kaewkuntarat 2008). In conclusion, the middle management must know the bank strategies and plan operations accordingly.

The bank services are different from the general marketing services. Customer satisfaction after using the services do not reflect the real quality of the services which include credit line authorization, quality of transactions or bank products. It is the measurement of quality of services rendered by staff, process of services, and the bank image. The important thing is all six state enterprise banks conducted the evaluation once a year and only once, while business transactions with banks such as, loan or deposit are ongoing process. Customer loyalty has nothing to do with the efficiency of operations. Recurring uses of bank facilities in many cases are due to necessity without choice. David Ledoux (2009) mentioned that continuity marketing similar to marketing of banks was a matter of Term of Agreement rather than customer satisfaction.

There are many researches such as those of:
- Akkermans, Henk and Oorschot, Kim van. on Developing a Balanced Scorecard with System Dynamics. (2002) Young,
- Showing H. & Tu. Chiang-Kuo on Exploring Some Dynamically Aligned Principles of Developing a Balanced Scorecard (2004)
- Thanate Boungdakjai, Sakchai Surasith, Patharathorn Uakritdathikarn and Thanwadee Techaphataraworakul, Suksaroj on Systen Dynamics Model of Water Quality at Klong U-Tapao. (2009), and
- Methinee Udomkhunnatham, Ronranok Silakaew and Danuphan Wisuwan on An Improvement of Work Efficiency by using The Balanced Scorecard and Lean Manufacturing Concepts : A System Dynamics Simulation Approach. (2005).

All proved that System Dynamics is the tool for studying the relations of different factors which vary according to time and space. The studies of operational problems are related to different parts of operations and are related to performance. The research work of Methinee Udomkoonathum and her group (2005) was the study on system dynamics applied to Balanced Scorecard with an aim to increase efficiency and customer satisfaction. The application of information system was to evaluate proper value of line balancing for operation efficiency. To create an indicator to measure operation results is not sufficient. There must be a study on relating factors for reasons of such factors.

CONCLUSION

From the aforementioned situation, it is apparent that the business of the six state enterprise banks deals with financial operations with complicated business process. The organizations are not independent in mapping strategies and working plan. They work under different conditions such as political and economic which affect alignment in the business. Hence, the process of performance evaluation has to be done thoroughly and accurately. There must be indicators which show relative performance efficiency. For this reason, many scholars are interested in using management tools, Balanced Scorecard, as the significant indicators of customer satisfaction as well as performance evaluation of state enterprise banks in Thailand.

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