

A study on the service quality of the primary agricultural co-operative societies

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Abstract

In this era of intense competition, one of the key challenges are the Primary Agricultural Co-operative Societies in managing the quality service which is a prerequisite for the customer satisfaction. As a result of the improved information communication technology, customers are well informed, discerning and value sensitive. They also have a wide range of choices on the public and private sector banks. To understand the customer's needs the Primary Agricultural Co-operative Societies have to improve their service quality in order to survive in the competitive era. Thus, an attempt is made in the study to identify the service quality of the Primary Agricultural Co-operative Societies in Coimbatore District. The result of the study discloses that the customers give more importance for the tangibility dimension of the service quality followed by the Assurance, Empathy and Responsiveness.

Keywords: service quality, customer satisfaction, PACS

Introduction

In the recent years, the Primary Agricultural Co-operative Societies (PACS) undergoes massive transformation in the extent and nature of its environment. Technology advancement, rivalry competition among the public, private and foreign banks, substantial improvement in the income level of customers and the development in the economic activities, as well as the mounting miscellany of the customer requirements have augmented the scope of the PACS' services. In this aggressive and ever changing environment, PACS make sure of their continued existence and increase their competitive position through emphasising on the service quality as a means of differentiation. PACS covet to acquaint to improve the service encounter. PACS are facing severe competition, diminished customer loyalty and an expensive high-tech. The challenge for the PACS are to lower the costs, and increase the efficiency while improve the quality of their service, and customer satisfaction. PACS are requiring to build-up and maintain cordial relationship with their customers. Attention has now turned to improve the quality of the service encounter.

Review of Literature

Zillur Rahman (2005) ^[6] in his study identifies that the Punjab National Bank is the highest performing bank since it holds an advantage over others in the area of perceived tangible, reliability, responsiveness and empathy dimension. Sadiq Sohail M and Nassar M. Shaikh (2008) ^[2] in their study ascertain three factors that influence the users' evaluation of service quality of the internet banking services which are "efficiency and security", "fulfilment" and "responsiveness". Firdaus Abdullah, Jasmine Vivienne Andrew, Voon Boo Ho (2010) ^[1] in their study reveals that the reliable communication and responsiveness have direct bearing on the perceptions of the service quality. Vasanthakumari and Sheela Rani (2011) ^[3] in their study disclose the five factors and the results of analysis of variance (ANOVA) indicate that the income and educational

qualification have significant effect on the customer perception of service quality. Vinita Kaura (2013) ^[5] in her study identifies employee behaviour, tangibility, information technology, access convenience, transaction convenience, decision convenience and benefit convenience as the dimensions of service quality. Vanitha and Dr. R. Velmurugan (2015) ^[4] in their study observes that the customer gives more importance for the tangibility dimension of service quality followed by Reliability, Assurance, Empathy and Responsiveness. Majority of the studies have been carried out in the Public and Private sector banks. Studies pertaining to Service Quality at PACS are found scanty. To fill this gap the present study carried out.

Statement of the Problem

PACS devices with numerous strategies to retain the customer and the key of it is to increase the service quality level. To attain the service excellence, PACS must strive for zero defections in retaining the every customer that the company can profitably serve. Zero defections require continuous effort to improve the quality of the service delivery system. However, the quality cannot be improved unless it is measured. Today service quality trends play an important role in the service organizations because an excellent service quality is not an optional competitive strategy which may or may not be adopted to differentiate one service organization from another, but it becomes an essential to incorporate the profitability and survival. PACS service quality depends on the Employee's Behaviour (Vinita Kaura, 2013) ^[5], Employee's Empowerment, (Muhammad Mudassar Abbasi, M Mushtaq Khan and Kashif Rashid, 2011), Credit Facility and Rate of Interest (Ananth and Dr. A. Arulraj, 2011), Physical Facilities, Appearance of the bank employees, Services, Willingness to help the Clients, Courtesy to the Clients and Working Hours of the banks (Nazrul Islam and Ezaz Ahmed, 2005). In this backdrop, it becomes imperative to probe into the factors that

determine the service quality of the public and private sector banks as perceived by the customers. Does service quality differs between the public and private sector PACS? What are the important factors that determine service quality?

Objective

To ascertain the customer perception of the Primary Agricultural Co-operative Societies on their Service Quality.

Methodology

Data

The data required for the study is primary in nature. The primary data are collected by making use of the Questionnaire.

Area of Study

The present study is confined to the customers of the Primary Agricultural Co-operative Societies in Coimbatore District of Tamil Nadu.

Sample Design

By adopting convenient sampling method, 500 customers are selected.

Framework of Analysis

The collected data are analyzed by making use of the Factor Analysis.

Analysis and Interpretation

To identify the prominent service that affects the customer satisfaction, Factor Analysis is employed. The following table illustrates the dimension of the service quality that is considered to be important by the customer, which increases the overall satisfaction of the customers. Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity are used as a pre-analysis test for the suitability of the entire sample for factor analysis. The result of KMO and Bartlett's Test are found greater than 0.70. Hence, the collected data is fit for employing the factor analysis. Further, the large values of Bartlett's sphericity test (19082.70, df: 406, Sig=0.000) and KMO statistics (0.968) indicate the appropriateness of the factor analysis i.e., the sample is adequate.

Three factors are identified by locating Eigen Values which are greater than the unity. Service Quality dimensions which have a component loading of 0.7 and above are said to be a significant service quality factors that enhances the customer's satisfaction. From the rotated component matrix it is seen that the hospitality towards the customers, employee's individual attention on the customers, satisfaction of the customer's needs and employees courtesy with the customers have a component loading of 0.7 and above. Hence, these four variables form the first factor.

In the second factor, physical facilities at PACS, modern equipments used by PACS, and visually appealing materials (pamphlets) are found to be significant.

In the third factor, ensure safety in transaction, and handling the compliant efficiently are found to be significant.

Factor one contributes to a tune of 25.870 per cent towards the customer's satisfaction. The other factor contributes for 21.599 and 20.715 per cent towards the customer's satisfaction in their order. The total cumulative percentage of the satisfaction by the seven factors towards the customer satisfaction is 68.184 per cent.

The following table, consolidated from the factor analysis portrays the vital factors of the Service Quality that increases the customer's satisfaction. The customers give importance to the Empathy dimension of the service quality followed by the Tangibility, Assurance, and Responsiveness.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.968
Bartlett's Test of Sphericity	Approx. Chi-Square	19082.717
	Df	406
	Sig.	.000

Table 2: Service Quality of PACS -Factor Analysis

Service Quality	1	2	3
Tangibility			
Modern equipment's used by PACS	0.362	0.728	0.035
Physical facilities at PACS	0.246	0.764	0.220
Employees neatness and appearance	0.370	0.692	0.289
Visually appealing materials(pamphlets)	0.175	0.719	0.374
Operating hours of PACS	0.240	0.582	0.439
Accessibility to branches	0.231	0.660	0.419
Workshops conducted on PACS features	0.137	0.640	0.563
Reliability			
Delivering on promises	0.650	0.516	0.182
Consistency of service provided by employees	0.584	0.547	0.246
Accuracy in performance	0.548	0.555	0.311
Rates on savings & loans	0.430	0.526	0.375
Providing service on time	0.521	0.510	0.361
Insist on error free records	0.319	0.378	0.588
Responsiveness			
Employees interest in solving problems	0.667	0.387	0.294
Employees knowledge to answer customer queries	0.568	0.377	0.437
Prompt service to customer	0.457	0.373	0.528
Handling compliant efficiently	0.326	0.381	0.721
New schemes conveyed to customers	0.312	0.360	0.680
Assurance			
Employees courtesy with customers	0.710	0.322	0.323
Inspiring trust and confidence	0.630	0.288	0.487
Ensure safety in transaction	0.342	0.262	0.743
Confidentiality of personal information	0.455	0.230	0.625
Proper answer to customer queries	0.529	0.174	0.636
Empathy			
Hospitality towards customers	0.799	0.233	0.235
Satisfaction of customer needs	0.723	0.237	0.371
Employees individual attention on customers	0.724	0.282	0.379
Convenient operating hours for all customers	0.584	0.239	0.501
Friendly relationship with customers	0.616	0.225	0.521
Awareness campaign by PACS Employees	0.548	0.275	0.534
Eigen Values	17.210	1.520	1.044
% of Variance Explained	25.870	21.599	20.715
Cumulative % of Variance	25.870	47.469	68.184

Table 3

Service Quality	Component Loading
Tangibility	
Physical facilities at PACS	0.764
Modern equipment'sat PACS	0.728
Visually appealing materials(pamphlets)	0.719
Responsiveness	
Handling compliant efficiently	0.721
Assurance	
Ensure safety in transaction	0.743
Employees courtesy with customers	0.710
Empathy	
Hospitality towards customers	0.799
Employees individual attention on customers	0.724
Satisfaction of customer needs	0.723

Suggestions

To improve the service quality offered at PACS

- As customers give more importance for the physical facilities. Hence, necessary infrastructure facilities like sufficient furniture, restroom, water facilities etc.
- All the accounting transactions are to be computerised, ATM counters may be erected like the public and private sector banks.
- Important announcements and schemes introduced at PACS are to be informed among the customers by circulating pamphlets in the midst of the customers.
- PACS employees may give more attention in redressing the customer grievances.
- The PACS' working hours may be extended. PACS may function on all Sundays.
- PACS may be located at all the prominent places, which is more proximity to customers.
- Agricultural manures and inputs are to be supplied in time.
- Necessary awareness programmes are to be organised among the customers to inform about the new schemes offered by the PACS.

Conclusion

Without the focus on the service quality, financial service organizations may not sustain for a longer period of time. Further, a proportion of dissatisfied customers will complain and spread the negative image among other customers. Generally, it is stated that, if a financial institution offers a service to a customer, it gains three and loses nine when give poor service to a customer. Hence, it is better to gain three than losing nine. However, with focus on the service quality, a financial institutions can have a customer loyalty through satisfying their expectations, which help to attract new customers; hence customer retention is more important than trying to attract new customers.

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