

CO-OPERATIVE BUSINESS: IT'S ABILITY TO MEET CUSTOMER SATISFACTION

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Abstract: The primary purpose of this article is to clarify the performance of co-operative business as measured by satisfaction level among the customer towards the services rendered by the co-operative business. Co-operative businesses are always been accepted as one of the platform for the Malaysian to invest and to increase their economics well being and to be among the players in developing the economy. It is very much relevant to undertake the investigation so as to ensure that co-operative business will sustain its competitiveness and successfully operates in the globalize economy. Drawing on the findings from the selected unit of analysis, namely the younger generation such as students from higher institution learning, we suggest that there are several independent effect such as, product offered and the layout of the product line provides a strong influence on the performance of the business. Meanwhile the handling of the services and time allocated to deal with the consumer indicated substantial effort needed to be improved if the businesses are expected to deliver their best performance

Keywords: Co-operative business, Performance, Customer satisfaction

INTRODUCTION

The issues for this discussion focus on the development of co-operative business. Specifically this paper attempt to address the issue of to what extend does a business like “koperasi” is able to actively involve in delivering services to meet the need and thus satisfying local customer. As customer satisfaction in this millennium is becoming increasingly important, the fact that changes in the globalize economy added further pressure in retaining customer with most organization.

Even though the limit of the discussion limit to a very specific business entity whatever the generalization of this discussion may provide a scenario about does co-operative business can be considered relevant in today competitive environment. Thus the research conducted at UiTM Terengganu is very much fruitful to other co-operative business which need the process of reengineering and move forward not only locally but nationally and internationally.

Co-operative

The term cooperative is widely known throughout the world, these different countries look its establishment in many different definitions. Someone has defined it as an association of people to promote their economic interest through collective self-help. In its ordinary and simple meaning, cooperation is defined as “working together” or “to help one another” but it is in the context of our discussion we are interested to define this entity based on Fay who assume co-operation as an organization for the purpose of joint trading originating among the weak and conducted always in an unselfish spirit on such terms that all who are prepared to assume the duties of membership share in its rewards in proportion to the degree in which they make use of their organization.

In Malaysia, as enunciated in the Cooperative Societies Ordinance of 1948 the legal definition of a co-operative society is a society which has its objective the promotion of the economic interest of its members in accordance with the cooperative principles. In a cooperative movements the members take over the functions and duties of management of an economic services, which for all purposes and intents, are meant for them, therefore, profit is not a motivation force at all. To further govern the smooth running of the business the government supports the establishment of National Union of Co-operative Movement in Malaysia.

Customer Satisfaction

Customer satisfaction exists when performance exceeds customer expectation and thus it is a critical concept in marketing thought and consumer research. It is generally argued that if consumers are satisfied with a product, service or brand, then they will be more likely to continue to purchase it and tell others of their favorable experiences with it. Kotler. (1997) [14] defined customer satisfaction as the extent to which product is perceived performance matches the buyer's expectations.

Nevertheless, (Scheuing, 1996) [20] maintains that when performance matches exactly customer expectation, customers are satisfied and they become delighted when performance exceeds their expectations. The centrality of consumer satisfaction is that customers want the most value for their expenses. As such, satisfaction of consumers has become a vital part for any firms in a marketplace.

Research on consumer satisfaction and consumers behavior on many occasion demonstrate that it holds the view of linking a consumer's decision-making and consumption processes with post purchase attitudes and behaviors. Retaining satisfied customer for the firm is one of the key agenda since it has been empirically shown to generate long term profitability (Reichheld, Frederick, & Sasser, 1990) [18] and further evidence demonstrated that consumer satisfaction has been shown to influences repurchase intention (Fornell, 1992) [8], and post-purchase attitudes (e.g., Oliver & Linda, 1981). Based on discussion by Zeithaml and Bitner (1996) [23] it was suggested that most customers do not wish to change service providers, because switching from one service provider to another would incur monetary, psychological, and time-related costs. However, unsatisfied customers are prone to find satisfaction from competing companies. Therefore, it is important to acknowledge that customer satisfaction is the major necessity for achieving customer loyalty, which eventually leads to business prosperity.

Service Quality

Most of the previous measurement on service quality utilized a subjective assessment of service value (Chrisman et al, 1990) [2]. In the 1960s, 70s and 80s a range of definitions of services was suggested and argued. These definitions focus upon the service phenomenon, and mainly include only those services rendered by so-called service firms (Grönroos, 1990) [10]. As a criticism of the variety of definitions suggested, Gummesson (1987) [11], referring to an unidentified source, put forward the definition of service quality as something which can be bought and sold but which you cannot drop on your feet.

Service quality represents the customer's information about, or experience with the different attributes and features of the service while customer's satisfaction can be viewed as an overall post-purchase judgment of a specific service expected from the act of purchasing (Fornell, 1992 [8]; Sandvik and Duhan, 1996). Based on these conceptualizations, service quality is believed to have a positive and direct effect on overall customer satisfaction (Fornell et al., 1996) [9].

Product

Product can be defined as a brand development management and positioning strategies. Compatibility, trialability, observability, speed, simplicity, competitive advantage, product symbolism, and marketing strategy are the characteristics of such new product and brands (Everett, 1983) [7]. The economic theory of consumers' choice is based on the assumption that the consumer knows what he buys. He is presuming to be an expert buyer who can appraise the quality of the various goods offered for sale and chooses between them by contrasting, one against the other, the price and quality of each goods. (Scitovsky, 1945) [21]. It is apparent that this does not apply to credence goods since credence attributes are difficult or almost impossible to evaluate perfectly (Darby & Karni, 1973) [6].

Extensive research has suggested that prior product knowledge and believed may mediate the effect of price on consumer quality perceptions (Jacoby, Olson & Haddock, 1971) [13]. From the consumers perspective all products and services can be described in terms of characteristics or features which have been technically termed as attributes (Loudon & Della Bitta, 1984) [10]. For any displayed product it always carries several attributes that create awareness to consumer. Attributes and its importance may vary from one consumer to another and may change over time as consumers gain new experiences,

information (Mackenzie, 1986) [16] culture and values. Given no other sources of information, consumers often resort to price as a signal of product quality (Olson, 1977) [17].

Time

The time is necessary to learn about a product or service and effort taken in traveling to purchase it, as well as time spent in a store, can be important costs to the customer. (Leclerc, Schmitt, & Dube). Time has a great effect on consumer behavior. For instance, behaviors are influenced by the time of day (stores tend to be more crowded during the lunch hour), the day of the week, and the day of the month and the season of the year. In a broad sense, time is the major factor that reduces the predictive accuracy of measured intentions. Intentions, like other cognitive factors, can and do change over time. The longer the intervening time period, the more unanticipated circumstances can occur and the higher the tendency to change consumer's original purchase intentions.

The art of managing time as mentioned by Yusof al-Qarhawi act as the most valuable property that is owned by most human being as it is very much related to the quality and productivity needed

Layout

Store layout can have important effects on consumers. At a basic level the layout influences such factors as how long the consumer stays in the store, how many products the consumer comes into visual contact with, and what routes the consumer travels within the store. Good layout is vital for a store's success. It is through the layout or location of an outlet that the product or service is made available to customers. Good locations allow ready access and attract large numbers of customers (Craig, Ghosh & McLafferty, 1984) [5]. Consideration should therefore be serious as there are assumption those consumer trades off the attractiveness of alternative sites against the deterrent effect of distance. Consumer at time evaluate the attractiveness of potential site based upon characteristics of existing successful store (Applebaum, 1986 [1], Cohan & Applebaum 1960 [3]) so the site layout should not be neglected as one of the useful dimension that accessory the satisfaction of the consumer.

MATERIALS AND METHODS

The nature of this investigation is descriptive in nature and data collected in addressing the issues are gathered on cross-sectional basis. Upon reviewing the literature, the study focus on independent variables which comprise of services rendered, product offered, time of operating the business, and the nature of layout that are more relevant to the unit of analysis taken for the study Refer to Table 1.

In deciding to what extent does the factors chosen indicating their significance the study developed several hypotheses as stated below:

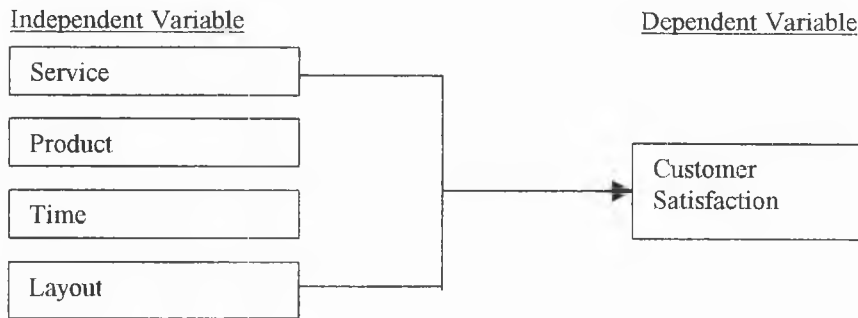
Hypothesis 1: Service provided by co-operative significantly influence customer satisfaction.

Hypothesis 2: The product offered by co-operative significantly influence customer satisfaction.

Hypothesis 3: The business operation time scheduled by co-operative significantly influence customer satisfaction.

Hypothesis 4: The nature of business layout as operated by co-operative will influence customer satisfaction

Table 1: Theoretical Framework Explaining Customer Satisfaction



Sampling Procedures And Data Collection

As this investigation focus on one specific institution, based on the record published by the academic registrar office [19], 5000 students that are enrolling in various programs have been considered as the population of the study. In gaining the insight of addressing the issues and to get the reasonable size of representativeness of the population, 357 respondents were selected by mean of proportionate stratified sampling. However 78% (280 samples) of the sample successfully completed the questionnaire. The number is therefore considered adequate for drawing the conclusion (Sekaran, 2003) [22] Data for the study are collected by using self-administered questionnaire. Most of the dimensions pertaining to the variables investigated are measured using likert scale of 1 for strongly disagree to 5 as strongly agree. Data for the analysis were processed by using SPSS where the analysis of the finding concentrates more on correlation and regression method.

RESULTS AND DISCUSSION

The research measurement discovered to be highly reliable as most of the measurement falls 0.79 and above. As suggested by Sekaran (2003) [22] when the Cronbach alpha score is more than 0.70 then the measuring items are considered highly reliable for further analysis.

Analyzing through the demographic profile of the respondent revealed that most of the populations are among female. This is the trends that are happening in most education centers throughout the country. In this section, the respondents were questioning about their gender, age, their marital status, and the highest educational level. Information gathered revealed that by observing gender it shows that there are about 37.1% of the respondents are male whereas the remaining of 62.9% are female students.

Most of the respondent falls under the study are young generation within the age of 20 years below (34.37%) and the rest are within 20 years to 30 years old (65.7%) The largest proportion of the respondents were single which represent 97.5% or equivalent to 273 students and another 2.5% or amounted of 7 students were married.

Referring to the correlation score in table 2, the result of correlation coefficient between the variables such as product, service and layout as to the satisfaction (dependent variable) are considered significant and positively correlated at 0.5010 (r) above which is assumed to be moderately strong (Hair et al 2003) [12]. Meanwhile when discussing about time as a factor it demonstrated the correlation (r) value of 0.467. This value indicated that the relationship is slightly strong. It is therefore acceptable to conclude that these factors are vital towards explaining performance of co-operative as measured by satisfaction of the consumers (Hair et al 2003) [12].

Table 2: Correlation Coefficient Between Independent and Dependent Variable

Independent variables	Dependent (satisfaction)	Variables
Product	0.617	
Service	0.517	
Time	0.467	
Layout	0.590	

It is interesting to note that out of the four factors that are believed to influence the satisfaction of the consumers, factors like product offered, services rendered, and layout of the business are able to demonstrate that they are highly significant toward influencing the satisfaction of the consumers. This can be explained through the t value of 7.856, 2.450 and 5.843 respectively. The analysis on time of business operation has the lowest correlation compare to the other factors and is not significant toward influencing the satisfaction of the consumers with the significant value of 0.970 at 95% confidence interval

Observing through the combination of the factors, the coefficient of determination or formally known as R-square (R^2) represent the value of 0.533. The score generated thus explains to us that 53.3% of the variation in the model is able to explain by all the independent variables whereas the remaining of 46.7% is unexplained. The values of R-square indicate that the model fit the data but more consideration of other variables should be included to gain more explanation. Another interesting finding that can be viewed is that among the four factors, it seems that varieties of product offered play the most influential role that make the consumers more satisfied. The statement is supported based on beta score of 0.415 as in table 3 which is the highest when comparing with the rest of other independent variables in the study.

Table 3: Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1					
	(Constant)	-.427	.192		
	MEAN_PRO	.601	.076	.415	7.856
	MEAN_SER	.153	.062	.142	2.450
	MEAN_TME	.002	.063	.002	.037
	MEAN_LAY	.340	.058	.312	5.843

Conclusion

This study has provided a descriptive evidence of the different variables that may enhance the satisfaction of the consumers. Our analysis suggested that all the four variables should always be treated very necessary in developing the cooperative business.

The presentation of this paper specifically aim to provide a general model for understanding the dynamics of cooperative businesses and to suggest some research issues, evidences, and methodological concerns that will likely shape the study in this business. From a theoretical standpoint, it is essential from those who are interested with cooperative development to uncover the nature of complexity between dimensions like product, services, time, layout that influence satisfaction of the consumers. Further attempt should be employed towards understanding of how the management of cooperative business demonstrates their roles and develops the competitiveness of the industry so that they are still considered relevant in today's economy as well as meeting the challenges of the globalized economy.

As been regularly suggested to further address the issues similarly to this study, there is a need for more in-depth longitudinal research focusing upon different type of potential that can assist the cooperative business to prosper while maintaining their ability to serve the consumers well.

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