



## Customer's Quest for Quality of Products and Services Offered by Farmers' Organization

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### ABSTRACT

Quality products and services are paramount in every organization as satisfied customers are the key element for their existence. Moreover, studies have discovered that customers are the heart of all organisations regardless of their entity. The emergence of farmers association as a non-profit organization is to reduce the transaction cost of its members and to help in providing quality food production. Nevertheless, limited study was found that explained the quality of products and services of such organisations. Majority of the previous studies have focused on manufacturing and services of private organisations. Therefore, this study was conducted to investigate the quality of products and services offered by a farmers' organization, namely Pertubuhan Peladang Kawasan in Malaysia. Their customers are the government agencies that purchased poultry products. In order to achieve the objective, a case study approach using a structured interview was conducted with ten agencies. The information provided by these agencies was analysed and compared with previous literatures. Findings showed that most of the customers are dissatisfied on the assurance and responsiveness, with only 50% were satisfied with the products and services provided by this association. Surprisingly, most customers will continue to maintain relationship with Pertubuhan Peladang Kawasan. These findings are parallel with the suggestion made by literatures that the complex dimension of customers' supplier relationship attributes to their repeat purchase. This study provides an initial attempt to measure the quality of products and services offered by one of the farmer's organisations in Malaysia. A discussion on the study and its implications are discussed at the end of the article.

**Key Words:** Humanistic dimension, Quality assurance, Repeat purchase, Satisfaction

## 1. INTRODUCTION

Farmers' Organisation (FO) or *Pertubuhan Peladang Kawasan* (PPK) was established in 1973 with the aim to improve the social and economy standards for farming community (Farmers' Organisation, 2016a). This organisation is one of the organisations under Ministry of Agriculture and Agro-based Industry, which actively participates in economic activities in order to support the need of food supply for the nation (Farmers' Organization, 2016b). Food supply is one of a critical agenda for the ministry, and PPK is involved directly in the implementation of this agenda (Farmers' Organisation, 2016b). In order to achieve the effectiveness of monitoring its activities, PPK service offices have been established at districts levels in various states and known as Districts Farmers Organisation (*Pertubuhan Peladang Kawasan – PPK*).

Supplying poultry for government institutions and public is one of the services provided by PPK (Farmers' Organization, 2016b; PPJN, 2016). However, the quality of poultry supplied has always been the concern among public (Mat Isa, 2016). Hence, the issue is does PPK provide quality products and services to their customers?

## 2. REVIEW OF PAST RESEARCH

### *Quality and food industry*

Quality terminology has various definitions depending on the context of the study (Elassy, 2015). Similarly, for food industry, various quality attributes have been discussed by previous scholars (Chamhuri & Batt, 2015; Talib, Ali, & Idris, 2014). Unlike other industries, the quality of food will decrease as it approaches its expiry date (Chung & Li, 2013). Quality of food is also affected during storage and delivery process (Chamhuri & Batt, 2015; Giritlioglu, Jones, & Avcikurt, 2014; Mosahab, 2010; Olbrich & Christian Jansen, 2014). For poultry industry, the quality of products requires more attention because it should start from the early stage of growing the birds through processing until consumption (Baracho et al., 2006), to ensure that the products are fresh, clean and tasty (Chamhuri & Batt, 2015; Siddh, Soni, & Jain, 2015)

### *Responsiveness and Assurance*

Responsiveness is one of the quality measures for products or services. Responsiveness involves the relationship between customer and suppliers, where speed and agility are seen as important factors to achieve responsiveness (Kritchanchai, 2004). Previous scholars believe that responsiveness can be traced

through processes, such as order fulfilment process, in order to ensure that an organization is able to produce a superior product as compared to their competitors. Therefore, it has been expected that responsiveness is an important factor to be focused on especially when the industry involved with customers' who live in hectic life (Qin, Prybutok, & Zhao, 2010). Also, previous scholars found that responsiveness has a significance relationship with satisfaction among customers (Kritchanchai, 2004; Minnich & Maier, 2006). However, scholars had confirmed that, the definition of responsiveness may vary from one context to another, hence the generalization of this variable may differ between studies (Engelseth, 2015).

In addition, assurance is also one of the dimensions of quality variables. Normally, quality assurance is linked with confirmation with a quality standard outlined by organization or a well-accepted system that is used to govern a particular industry (Elassy, 2015; Kontogeorgos, 2008). However, most of the time, it is the customers who defined the quality of products or services offered by organization (Kontogeorgos, 2008). In order to achieve the quality assurance, the organisations must ensure that products supplied and services provided, match the quality expectation customers (Onyango, Hallman, & Bellows, 2007).

### ***Price***

Price gives good impacts to food quality especially to those who has high involvement with the product (Hansen, 2005). Literatures also pointed out that firms' price strategies are very important for sustainability, as well as motivating the customers' willingness to pay for the price offered (Ingenbleek, 2015). It is known that the customers' attitude will influence purchase decision, and customers' are willing to pay higher price if the customers' perceived the product reached their quality expectation, or else, they will substitute for cheaper selections (Liang, 2016). As for that, some scholars advised the intermediaries particularly retailers of perishable products to apply price dynamics policy to compensate customers for the loss of value as the expiry date approaches (Chung & Li, 2013).

### ***Overall Satisfaction***

Many quality scholars test service quality attributes to customer in their studies (Jussem, Chan, Chung, & Kibat, 2014; Mosahab, 2010; Qin & Prybutok, 2009). In food industry, customers highlight the issues of delivery and storage as one of the important quality attributes that the supplier need to focus on (Mai & Ness, 1999; Manzini et al., 2014). For poultry, the quality attribute of product is more about the texture of the meat (Fletcher, 2002). Similarly, scholar such as Baracho et al., (2006), explain that the quality of poultry started from the early stage of the fertilized egg to production, and processing to consumption which affect the texture and taste (Baracho et al., 2006). Some scholars argue on measuring

specific dimensions of quality elements as it does not portray the real feeling perceived by customers. Thus, measuring an overall satisfaction allow the customers to dictate their expectation on the quality of products and services.

### ***Repeat Purchase***

Repeat purchase refers to positive effect on the customers' future buying decision as a result of their good experience with the products or services offered by organisations (Fandos & Flavian, 2006). It is a vicious cycle of repeat purchase-satisfaction-loyalty. The customers who continue to purchase with an organization indicates that they are loyal to the products or services (Fandos & Flavian, 2006). Moreover, customers' who are satisfied with products or services appear to be more loyal as compared to those who were not satisfied (Etemad-Sajadi & Rizzuto, 2013). Study by Espejel, Fandos, and Flavian (2008), also found that satisfaction has a strong relationship with loyalty and buying intention. Besides, satisfaction and loyalty explain 88% of variance in buying intention in their study (Espejel et al., 2008). One of the interesting topics related to loyalty is switching cost. Scholars such de Ruyter, Wetzels, and Bloemer (1998) revealed that in the industry where the switching cost is low, customers do not really care about price indifference, but if the switching cost is high, little fluctuation in price will make the customers move to the competitors.

### **3. RESEARCH METHOD**

This is a case study that utilized a semi-structured interview to gain an insight on the customers' perception towards the quality and services offered by PPK. The subject in this study is PPK (BG) which is a farmers' organization located in one of the states in Malaysia. The objective of PPK (BG) is to assist the farmers in marketing of their products. Basically, this study used subjective norms to understand a new research area. Moreover, through this way, the perceptions of the respondents can be ascertained (Keillor et al, 2004). From a total of 33 organisations that purchased products from PPK (BG), only 10 were selected randomly to give opinion on the products and service quality dimensions of assurance, responsiveness, price, overall satisfaction and repeat purchase. These organisations are representative of Ministry of Health Malaysia, Malaysian Defence Ministry, Social Welfare Department and other small institutions such as school canteen. During the study, the researcher approached the respected person who handles purchasing of the poultry products. The main reason in using interview technique is to gauge the respondents' opinion regarding the quality of products and services rendered by PPK (BG). In analysing

the information, researchers have identified the answers given by the respondents and compared them with existing literatures to understand the phenomena.

## 4. FINDINGS AND DISCUSSION

This section discusses on the respondents' feedback on the questions posed to them. There are several sections, namely responsiveness and assurance, price of products, overall satisfaction and the interest to engage in repeat purchase with PPK (BG).

### 4.1 Responsiveness and Assurance

Initially, the respondents were asked on the following questions; does PPK(BG) serve the orders accurately? Do the staffs deliver the promise on time? The answers provided by most customers were diverse. PPK (BG) is perceived to have problems in handling with the customers' orders as 80 % of the respondents felt that the service needs further improvement.

Several customers indicated that PPK (BG) lack responsiveness and assurance as depicted by the followings:

*"I don't know why I have to wait for such a long time as I only want to rectify the amount of my order"* (Customer 1)

*"I was angry with the boss because initially he took wrong order but then, when I rectify through the phone, he corrected it. Yet when they delivered the chickens to the hospital it was wrong"* (Customer 2)

*"PPK staffs do not respond immediately, even though I am their regular customer"* (Customer 4).

PPK (BG) was also being accused of having poor infrastructure especially related to facsimile machine as being mentioned by the following customers.

*"I have to call them every time after I fax my order"* (Customer 3) and *"the hospital has no problem with the amount ordered but your fax has a problem"*(customer 9). Similarly, another customer commented *"their fax never works"* (Customer 4). Obviously, using poor facsimile machine angered the customers as the work becomes ineffective. The customers must reconfirm the order using other means besides through the fax.

In a study by Chen, Yueh and Liang (2016), they suggest that marketing of agro products require reliable effort from the suppliers; in this situation, the PPK (BG). The customers will feel confident when the supplier is able to provide accurate, reliable, timely and convenience services. Moreover, assurance and responsiveness are very critical for marketing of agriculture products as produce are intangible and fragile.

Ensuring fresh products that reach their customers is important as there are many negative consequences for providing rotten materials. Similarly, Tey, Brindal, Fatimah, Kusairi, Ahmad Hanis and Suryani (2014) also suggested that such organisations should focus in accurate delivery of products in order to avoid losses. Accordingly, organisations that focus on responsiveness will increase their customers' satisfaction.

#### 4.2 Price

Next the respondents were asked on the price of the products. The question was: does the price offered by PPK (BG) comparatively competitive? Majority of the respondents agreed on the price charge as it commensurated with the quality of the eggs. According to them “ *the school is very satisfied with the prices offered. Thanks for the reasonable price* (Customer 2), “ *we are satisfied with the price given to us*”(customer 7). Only Customer 4 felt the price as high. According to him “ *the price of chicken should equal to the quality delivered. But the price is fixed, so we cannot say anything..*”

The customers of PPK (BG) have a contract with the organization which affects their decision to purchase from other suppliers. However, it can be seen that majority of their customers felt that the price is comparatively fair and competitive. Moreover, providing low price to the customers provide empathy (Chen et. al, 2016) that encourages further purchasing and long term engagement. As price is revenue for PPK (BG) and cost to the buyers, it serves as an economic factor in the buyer-seller relationship (Tay et. al, 2014). Furthermore, price dictates the quality of products. Therefore, a proper pricing enables a better situation of demand-supply in maintaining the supplier-customer relationship.

#### 4.3 Overall Satisfaction

The respondents were asked on their overall satisfaction on the quality of poultry products offered by PPK (BG). From the interview, 50% are satisfied. These respondents indicated that the supply of chicken and eggs were in good condition.

“*I am very pleased...it is fresh and clean* (customer 1); while the other commented “*no problem...we are satisfied with the supplied chickens.. we have no problem with the quality and freshness.*(customer 8)

Meanwhile, another 50% of the respondents showed dissatisfaction as they received poor quality of chickens and eggs. The conditions of chicken received by the customers need further improvement. According to Customer 3 “*the chickens were not properly cleaned*”; similarly Customer 6 also said “*the chickens are not fresh*”.

The responses from the customers indicate that the quality of products is not uniformed. Some received poor quality, while the other receives good grades of the poultry products. Hence, most probably the spoiled chicken and eggs are not safe for the consumers' consumption. The situation could be attributed to the location of the customers and the conditions of the transportation. PPK (BG) serves the whole country. The shortest distance is 27 km, while the furthest place is located 183 km from the office. Having a proper transportation with a chilled room would help to maintain the quality of chickens especially in the warm weather.

On top of that, Tay et al., (2014) have suggested a strong link between responsiveness and customer satisfaction. As most of these customers felt PPK (BG) need to improve on their responsiveness, it is no doubt that their satisfaction also followed the same trend.

#### **4.4 Repeat Purchase**

Even though only 50% was satisfied with the products and services of PPK (BG), 70% of them agreed to continue dealings with PPK (BG) as they perceived the organization was able to deliver the products timely and properly. According to Customers 1, 2, and 3, there were minimum problem encountered with PPK (BG) and these were still under control. Customer 1 said “ *PPK understands our needs. Although we have issues regarding delivery, the PPK is able to handle them well. Therefore we will continue to buy eggs and chickens from PPK*”. Customer 3 also commented on their service “ *.. we have no problems with the service provided. Yea...sometimes there are problems but it can be resolved in a good way....*”

Meanwhile Customer 5 was delighted on the service received as “ *.. PPK treat us as their customers. very friendly thru the phone...they give good service to us* (Customer 5 and Customer 4). Similarly, Customer 7 also agreed as “ *.. we will choose PPK(BG) as out top choice*” and Customer 8 made a high commitment to continue dealings with PPK (BG) “ *.the management office is satisfied with the service provided....we will make them our preferred choice*”

The situation is in contrary to the findings by Bansal and Taylor (2014) when they suggest service quality and satisfaction is considered as two different concepts. According to them, a poor quality product encourages customers to switch to another supplier. However, based on the interviews, the customers intention to repeat purchase is still high even though they feel dissatisfied on the products and services by PPK(BG). The situation can be explained through the components of the relationship between customer and supplier (Prigent-Simonin & Hérault-Fournier, 2005). These components are trading dimension, cognitive dimension, emotional dimension, humanistic dimension and symbolic dimension. For transaction between PPK (BG) and the customers, namely the government agencies, the humanistic dimension plays a



significant weightage as the trading encourages the feeling of helping farmers to boost their economic situation.

## 5. CONCLUSION

Previous studies on farmers' organisations capability in providing quality products and services to their customers were limited. However, in a global competitive market, all organisations must be prepared to take responsibility on their customers' satisfaction as it will ensure their continued existence. The main reason of having a farmer's organization is to assist farmers in their economic status. In addition, the co-operation between the farmers and PPK allows the farmers to obtain quality food production at a lower cost (Ingrid Verhaegen & Guido Van Huylenbroeck, 2001).

This study was conducted to ascertain the quality of products and services offered by one of the farmer's organizations in Malaysia, namely PPK (BG). The study found that their customers who are mostly government agencies are not satisfied with the products and services, but continue to support the organization as "it helps the farmers". Therefore, it is recommended that PPK (BG) improved their level of efficiency, so that their current customers will not get discouraged nor switched to another supplier especially in lieu of the open market. This study has discovered areas that PPK (BG) can improve in order for them to offer better products and services in the future.

This study has few limitations. As the investigation of products and service quality of agri-products is relatively at infant stage, the findings from the study must be interpreted with care. Further studies should be carried out with a large sample size that covers in-depth questionnaires and triangulation of data.

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