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Customers Perception On Primary Agricultural Credit Co-Operative Societies Service Quality

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Abstract

Today survival of any institution depends on Quality of Services extended by them on fulfilling the expectations of their customers. Primary Agricultural Credit Co-operative Societies (PACS) also offer numerous services to public in general and agriculturists in specific. Customer's perception on Service Quality may differ from person to person based on the quality of service they perceived and availed at PACS. Thus, in this study an attempt has been made to identify the customer's level of perception on PACS service quality and to identify factors influencing perception on service quality. The result of the study disclose that customer's perception on service quality depends on area of residence, age, educational qualification, occupation, monthly income, family income, number of earning members and level of awareness.

Keywords: Service Quality, Customer's Perception, PACS, Customer's Satisfaction

Introduction

Quality of service extended is considered as a vital factor for the sustainable development of any financial institution in general and PACS in particular. As a result, measuring and managing of service quality is found primary issue for the survival and growth of PACS. However, in order to value quality PACS must know their customers' expectations and what kind of service they believe as high of quality. Information about the Customers' perception on Service Quality offered at PACS will assist management to retain their competitive advantage. Service Quality evaluation is a highly complex process that may operate at several levels of abstraction which makes conceptualization and measurement of service quality a real difficult task. With increasing competition, service quality has become a popular area of academic investigations and is recognized as key factor in keeping competitive advantage and sustaining satisfying relationship with customers. Customers may have high level of perception on service quality based on employee behaviour (Vinita Kaura, 2013), interest rate charged for the loan (Ananth and Dr.A.Arulraj, 2011), Grievance redressal mechanism followed at the bank (Mubarak Ali E, David Sam Jaykumar G.S and Senthil P.L 2011), Personal attention offered by employees towards their customers and provision of necessary physical facilities to their customers (Nazrul Islam and Ezaz Ahmed, 2005), Courteous service, Clean bank premises, and prompt service (Hasanbanu, 2004).

Review of Literature

Velmurugan, R and E. Vanitha (2015) in their study identifies that area of residence, gender, educational qualification, family income, duration of holding accounts and perception on service quality is associated with customer satisfaction. Rajeev Kumar Panda, Rama Koteswara Rao and Kondasani (2014) shows that an interest rate and safety standards in transactions results in customer satisfaction. Kailash (2012) finds that customer's satisfaction is associated with delivery of innovative products by banks. Arora Vibha, Nrvichandran and Jain (2011) find that reliability and service interaction were found to be significant variables to customer satisfaction. Akroush, Mahadin and Bataineh (2010) indicated that, e-service quality dimensions such as website attributes, reliability, perceived risk, responsiveness and customization have a positive and significant effect on the banks

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overall customers' satisfaction. Abdulkarim S. Al-Eisa and Abdulla M. Alhemoud (2009) found that most crucial attributes for predicting customer satisfaction with retail banks in Kuwait are found to be fast service, courtesy and helpfulness of employees and availability of self-banking services.

Statement of the Problem

PACS device 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), 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 PACS as perceived by the customers.

Objective

To examine the Customers Perception on Service Quality of PACS

Scope of the Study

The present study has been confined to Coimbatore district of Tamilnadu. Further, Customer's preference towards PACS services alone is ascertained in the study.

Research Methodology

Data

Data required for the study is primary in nature. Thus, primary data is collected by making use of questionnaire. Questions pertaining to customer's perception on service quality is included in the questionnaire.

Pilot Study

A preliminary study has been conducted with 50 PACS customer's before finalizing the Questionnaire. Similarly,

the questionnaire has been circulated among few PACS officials and academic experts. With reference to Questionnaire filled-in by PACS customers and feedback received from both PACS officials and academic experts necessary alterations are incorporated before finalizing the Questionnaire.

Sample Design

By adopting convenient sampling method questionnaires are distributed to 800 PACS customers. Of which, 78 customers have not returned their questionnaires and 19 customers have not fill the questionnaires in full. Hence, the 703 forms the sample size of the study.

Framework of Analysis

The collected data have been analyzed by making use of Chi-square test.

Analysis and Interpretation

Level of Perception Service Quality

Customer perception on PACS Service Quality has been measured by assigning scores to questions relating to Service Quality. Twenty-nine such questions are included in the questionnaire. Answers to the questions have been rated on a five-point scale. The scores allotted to the answers range from one to five. Thus, the maximum score a customer would get is One-hundred and forty five. Score obtained by each customer is divided by 145 and multiplied by 100 to convert it into an index. This index is termed as 'Perception index'. The index ranges between 20.00 and 100.00 and the grand mean of perception index is 83.01. Of the 703 customers, 383 (54.50%) are with service quality perception indices above the average and 320 (45.50%) are with service quality perception indices below the average. Based on the perception of service quality index, the customers have been divided into three groups as customers with low, moderate and high level of perception on service quality. In order to classify the customers into three such groups, quartiles have been made use of. Accordingly, customers with service index ranging up to 69.15 are termed as customers with low level of perception on service quality; those with service quality index ranging between 69.16 and 96.86 are termed as customers with moderate level of perception on service quality and those customers with service quality index above 96.86 are termed as customers with high level of perception on service quality. Of the 703 customers, 117 (16.60%) customers are with low level of perception on service quality; 450 (64.00%) are with moderate level of perception on service quality and the rest 136 (19.30%) customers are with high level of perception on service quality.

Table 1: Factors associated with the Perception on Service Quality

Variables	Level of Perception			Total (n=703)	Chi-square
	Low (n=117)	Moderate (n=450)	High (n=136)		
Area of Residence					
Urban	36 (54.50)	22 (33.30)	8 (12.10)	66 (100.00)	77.523**
Semi-urban	12 (18.80)	41 (64.10)	11 (17.20)	64 (100.00)	
Rural	69 (12.00)	387 (67.50)	117 (20.40)	573 (100.00)	
Age					
Up to 30	35 (28.00)	64 (51.20)	26 (20.80)	125 (100.00)	17.895**
31 to 50	71 (15.20)	310 (66.40)	86 (18.40)	467 (100.00)	
Above 50	11 (09.90)	76 (68.50)	24 (21.60)	111 (100.00)	

Gender					
Male	92 (17.30)	341 (64.00)	100 (18.80)	533 (100.00)	0.894
Female	25 (14.70)	109 (64.10)	36 (21.20)	170 (100.00)	
Educational Qualification					
Illiterate	24 (14.30)	113 (67.30)	31 (18.50)	168 (100.00)	55.278**
SSLC	14 (08.50)	126 (76.80)	24 (14.60)	164 (100.00)	
H.Sc.,	20 (12.40)	108 (67.10)	33 (20.50)	161 (100.00)	
Diploma	7 (16.70)	26 (61.90)	9 (21.40)	42 (100.00)	
Under Graduate	28 (27.20)	48 (46.60)	27 (26.20)	103 (100.00)	
Post Graduate	22 (42.30)	21 (40.40)	9 (17.30)	52 (100.00)	
Professional	2 (15.40)	8 (61.50)	3 (23.10)	13 (100.00)	
Occupation					
Agriculturists	43 (10.70)	276 (68.50)	84 (20.80)	403 (100.00)	53.907**
Business	4 (20.00)	13 (65.00)	3 (15.00)	20 (100.00)	
Employee	56 (32.60)	98 (57.00)	18 (10.50)	172 (100.00)	
Homemaker	9 (13.20)	37 (54.40)	22 (32.40)	68 (100.00)	
Student	3 (17.60)	10 (58.80)	4 (23.50)	17 (100.00)	
Self-employed	2 (08.70)	16 (69.60)	5 (21.70)	23 (100.00)	
Monthly Income					
Up to 10000	33 (13.60)	177 (72.80)	33 (13.60)	243 (100.00)	38.566**
10001 – 20000	29 (11.80)	171 (69.50)	46 (18.70)	246 (100.00)	
Above 20000	55 (25.70)	102 (47.70)	57 (26.60)	214 (100.00)	
Family Income					
Up to 15000	45 (12.70)	251 (71.10)	57 (16.10)	353 (100.00)	32.352**
15001 – 30000	34 (16.70)	134 (65.70)	36 (17.60)	204 (100.00)	
Above 30000	38 (26.00)	65 (44.50)	43 (29.50)	146 (100.00)	
No. of Earning Members					
One	52 (15.20)	235 (68.90)	54 (15.80)	341 (100.00)	18.883**
Two	51 (17.10)	188 (63.10)	59 (19.80)	298 (100.00)	
Above Two	14 (21.90)	27 (42.20)	23 (35.90)	64 (100.00)	
Level of Awareness					
Low	28 (22.40)	92 (73.60)	5 (04.00)	125 (100.00)	52.614**
Moderate	85 (19.40)	269 (61.40)	84 (19.20)	438 (100.00)	
High	4 (02.90)	89 (63.60)	47 (33.60)	140 (100.00)	

** Significant at one per cent level

- ❖ Rural customers have high level of perception on service quality offered at PACS and urban customers have low level of perception on service quality offered at PACS.
- ❖ Customers, who are above the age of 50 years have high level of perception on service quality offered at PACS and customers, who are within the age of 30 years have low level of perception on service quality offered at PACS
- ❖ The percentage of customers with high level of perception is found high among under graduate qualified customers. The percentage of customers with low level of perception is found high among post graduate qualified customers.
- ❖ Homemakers have high level of perception towards service quality offered at PACS and employees have low level of perception on PACS service quality.
- ❖ Customers, whose monthly income is above Rs. 20000, are with high level of perception on PACS Service quality and customers, whose family income is above Rs.30000, are with high level of perception on PACS service quality.
- ❖ Customers, who have more than two earning members in their family, are with high level of perception on PACS Service quality.
- ❖ The percentage of customers with high level of perception is found high among customers, who are with high level of awareness on schemes offered by PACS. The percentage of customers with low level of perception is found high among customers, who are

with low level of awareness on schemes offered by PACS.

Suggestions

- ❖ Urban customers have low level of perception towards PACS service Quality. To raise their perception level, PACS may modernize their premises and to offer innovative services as like Public and Private Sector Banks. Now-a-days, customers considering their hectic work schedule prefer to make use of ATM point for both money withdrawal and for depositing the money in banks. Hence, it is recommended that PACS have to adopt Core banking and to install ATM points at various places, which assist to increase the image of PACS among urban customers. Further, to increase their perception level PACS have to improve their basic amenities like parking space, seating facilities, lighting, drinking water, ventilation, toilets and cleanliness
- ❖ Customers, who are within the age of 30 years, have low level of perception towards service quality offered at PACS services. These days, youngsters prefers E-banking mode for online purchase and carrying out banking transactions like fund transfers, utility bill payments and the like. Hence, PACS may introduce E banking facility in order to attract more number of youngsters towards their service and to increase their perception on service quality offered at PACS.
- ❖ Post Graduate qualified customers have low level of perception on Service Quality offered at PACS.

Expectations of literate customers are more than illiterate customers. In order to increase the image, PACS may introduce tech-savvy services as offered by Public and Private sector banks.

- ❖ Employees have low level of perception towards service quality of Co-operative banks. Employees face it difficult in carrying out their financial and other type of transactions with PACS due to paucity of time. Hence, in order to improve the image of PACS among employees, working time may be increased and PACS activities may be computerized.
- ❖ Customers whose monthly income ranges above 20000 and whose family income ranges above 30000 have low level of perception towards service quality of Co-operative banks. In order to raise their perception

Conclusion

Today survival of any institution depends on quality of service extended to the customers. Each and every institution may initiate necessary steps to offer better service quality in order to retain existing customers and to attract new ones. The study of this nature may assist banks and financial institutions to understand the factors that influence customer's perception on service quality. Accordingly, they may offer services in accordance with customer's expectations.

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