CHAPTER 6

RESULTS, DISCUSSIONS AND CONCLUSION

This is the concluding chapter which summarizes the findings, discussions and suggestions. Here the future directions which the research can take are discussed in detail.

6.1 RESULTS AND DISCUSSIONS

The research aims to know whether member satisfaction can be scientifically measured and also how to measure it. The regular monitoring of Member Satisfaction Level according to a standard questionnaire with some key questions can bring to focus the unfulfilled needs of the members of UCB. It is hoped that this will lead UCBs to better organizational performance, which is genuinely aligned to both bank’s financial performance and member satisfaction.

The first research objective was to construct a reliable, valid and parsimonious scale to measure member satisfaction in urban co-operative banks. The finalized 19 item scale exhibits excellent psychometric properties (Cronbach alpha 0.84, construct reliability 0.90, AVE 0.75). The scale explains 42.145% of the variance in member satisfaction level. Thus we find that a new scale has been developed which is capable of measuring member satisfaction in urban co-operative banks. The main benefit visualized is a testing of a scientifically validated member satisfaction scale which can be applied for measuring the success of the organization. The basic premise here
is that organizational performance should not be limited to the measurement of CAMELS rating.

The second objective, namely, the determination of the member satisfaction level of Kerala based UCBs indicates that there is room for further improvement. The standard practice is to rate a performance ‘Excellent’ if the score is 90% or more in ‘Likert’ scale. Thus, on a one to five ‘Likert’ scale, 4.5 may be termed as ‘Excellent’. Here the score of 4.3873 is only ‘Very Good’.

The third objective had two parts. The first part was to determine the impact of member profile on member satisfaction. The impact of member profile on member satisfaction was found to be non-significant. Thus, in this study, there was no significant difference in satisfaction level between various genders, age groups, levels of educational qualifications, occupations, membership seniority and income slabs. However, certain aspects of member profile were found to depend on one another. These dependencies reinforced the image of ageing population of poorly educated self-employed people who are not being adequately replaced by the younger generation. But, the heartening this is, those who do come in now are more educated and has higher income level. Also there is a shift to salaried people as a new upcoming group among the younger generation. But the purpose of taking loan is obviously not for meeting any business requirements, but probably to meet personal consumption needs. This does not go along well with the stated purpose of co-operative banking in India which is to meet the developmental requirements of the self-employed poor and under privileged segments in the society.

The second part of the third objective was to determine the impact of bank profile on member satisfaction. This was more revealing. The three southern districts, Thiruvananthapuram, Kollam and Pathanamthitta scored
better in member satisfaction compared to the northern districts. An interesting phenomenon that was noticed is that member satisfaction displayed different patterns of rate of increase for productivity and profitability. With increasing levels of productivity the level of member satisfaction kept increasing. But for profitability, member satisfaction at first increased, then for banks with high level of profitability, it dropped drastically. In fact it dropped to a level even lower than for banks with low profitability. This is in tune with the co-operative approach to banking where profit optimization and not profit maximization is the desired goal.

6.2 SUGGESTIONS

This scientifically validated scale can be effectively used to administer annual member satisfaction survey. At least 100 acceptable responses in a bank should be analyzed to come to any conclusions.

Urban Co-operative Banks can self-monitor their co-operative goals in a meaningful manner and gain a better balance between economic and social goals. They can also more meaningfully work at improving the relationship between the members and the management.

If RBI takes up the survey the benefits are even more significant. RBI can better assess current bank performance including an assessment of the level of member satisfaction, predict in a better way future performance and also gain inputs to formulate future policy on Urban Co-operative Banks. RBI can generate an industry average assessment of the state-wide member satisfaction level and rate individual banks as performing below, at par or above the state average. This can be a valuable feedback to the individual banks.
The manager of the bank can observe the progress of the survey results year to year and by checking the individual score of the items see where he should concentrate managerial attention for the next year.

The members can express their satisfaction/dissatisfaction in an effective way through these annual surveys. Often Annual General Body Meetings (AGMs) are sparsely attended and the survey provides yet another way of giving a meaningful feedback.

The government can identify which all of the social responsibilities of the UCBs are fulfilled and intervene in a more meaningful manner in their functioning. The RBI may be more focused on the banking side of UCBs and the social commitments of the UCBs may be better monitored by the state at a regional or national level.

The society stands to gain through the development of more trusting and reciprocating transactions among its members. This may be another step towards a more transparent social order.

6.3 FUTURE DIRECTIONS

Future researchers may test the validity of the scale for Primary Agricultural Credit Societies, the rural banks of India with primary membership. At present, there are 97,410 co-operative banks in India. Out of these, 94,647 are PACS. So, the researcher had earlier thought of doing the research in member satisfaction in PACS. But the professionalism observed in the RBI audited UCBs persuaded the researcher that scale development may be more feasible in UCBs. However, there is nothing to prevent future scholars from testing this scale for validity and reliability in PACS. In principle, both PACS and UCBs are primary level banks with individual

membership. So scales used for one can be used for the other with no or marginal alteration.

Researchers may also test empirically if there is any significant relationship between member satisfaction and organizational performance. In the literature review, a conceptual model is suggested linking member satisfaction and organizational performance. With this model a path analysis may be done and the path validity tested. The productivity and profitability measures taken up in this thesis are just a beginning in the right direction. A proper measure of Organizational Performance has to be developed, literature review has to be extended and conceptual model further refined and substantiated before we embark on this exercise. The influence of organizational performance on member satisfaction and the possible feedback effect is worth understanding as we can see that productivity improvement and profitability improvement are seen differently by the same members.

6.4 CONCLUSION

A well-constructed scale is the first step in the measurement of a phenomenon. From the literature review, it is obvious that not much research has been done on member satisfaction, even though related satisfaction measures like employee satisfaction, customer satisfaction and stake holder satisfaction are discussed. The conceptual model developed in the literature review gives the thesis the theoretical basis through which member satisfaction and organizational performance are related. Thus, with this thesis, a new variable is established which, as the literature review suggests, contributes to organizational performance in member organizations.

Apart from the primary objective of developing the scale, three more objectives were set. First was the assessment of the level of member satisfaction prevailing in Kerala based UCBs. Then the impact of member
profile and bank profile on member satisfaction was assessed. The research design adopted was a judicious mixture of qualitative and quantitative approaches which satisfied the requirements of objectivity and rigor.

The analysis brought out the fact that member profile is not significant where as bank profile is significant in influencing member satisfaction in UCBs. This observation implies that a cross-section of Indians is banking with UCBs with all segments of consumers equally satisfied with the UCBs. In the bank profile analysis, it was observed that members were very concerned about the productivity of the bank where as they were not so concerned about high levels of profitability. This observation is in alignment with my insight into the world of cooperatives where the academicians and practitioners I met were unanimous that members were more concerned about the services that they get while management was more interested in profitability and organizational performance.

The research contributes by constructing a reliable, valid and parsimonious scale, which the researcher hopes, will encourage future research in member satisfaction. It is hoped that the relationship between member satisfaction and organizational performance will be made clear and the interplay between these two phenomena be more clearly understood through future research. It is hoped that this research will help in practitioners optimize organizational performance and member satisfaction in UCBs in particular, and co-operative banks in general.

The thesis is hoped to be launching pad for future research in member satisfaction of co-operative banking in particular and member organizations in general.