ABSTRACT

Member satisfaction in co-operative banking and the organizational performance mutually reinforces each other so that an increase in member satisfaction results in a corresponding increase in organizational performance. Knowing well, how important organizational performance is to the health and continued prosperity of the co-operative bank, the role of member satisfaction cannot be downplayed. This research bridges the gap of not having a validated instrument to measure member satisfaction in co-operative banking.

This research conceptualizes member satisfaction in general and explains it taking urban co-operative banks as the domain. For that an extensive review of literature on member satisfaction in co-operatives was undertaken. In-depth interview of experts from the co-operative banking sector was also conducted.

The main objective was to develop a reliable, valid and parsimonious scale to measure member satisfaction in urban co-operative banks. Rigorous scaling procedures were followed. Two rounds of surveys were done, an exploratory survey and a confirmatory survey. The next objective was to measure the member satisfaction prevailing in Kerala-based urban co-operative
banks and the last objective was to study the impact of member profile and bank profile on member satisfaction.

The research objectives demanded multiple research phases. Hence, the research was carried out in four broad phases- qualitative interviewing, exploratory survey, confirmatory survey and determination of member satisfaction of Kerala-based urban co-operative banks and the impact of member and bank profiles. It is a mixture of qualitative and quantitative approaches. The first phase commenced with in-depth interviews of six retired general managers of urban co-operative banks from Kerala to define the construct and the nature of relationships and also to brainstorm an initial item inventory of the member satisfaction scale. Next was the initial item purification, done with the help of the academicians. Then was a pilot test where the questionnaire was administered to a few members of a near-by urban co-operative bank. Items not understood by the members were eliminated. In the second phase, ten urban co-operative banks were approached at random and 50 members each were surveyed to construct a preliminary member satisfaction scale. Using the exploratory factor analysis, the preliminary scale was tested for its reliability and validity. In the third phase of the research, we surveyed 1100 members in 22 urban co-operative banks of Southern Kerala using confirmatory factor analysis. The final member satisfaction scale developed was tested for its reliability and validity using path analysis. The final phase was to study the impact of member profile and bank profile on member satisfaction. The scale developed through the rigorous
procedures and the data from the confirmatory survey were used to measure the member satisfaction level and the impact of member and bank profiles.

The research provides the first comprehensive conceptualization of member satisfaction in co-operative banking with the domain as urban co-operative banks. A parsimonious, validated and psychometrically versatile instrument to measure member satisfaction is constructed. The results show that member profile has no impact on member satisfaction. The bank profile sheds light on the impact of productivity and profitability on member satisfaction. But while an increase in banks’ productivity continuously improves member satisfaction, an increase in banks’ profitability initially improves member satisfaction but further increase in profitability causes a decline in member satisfaction.

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.