

Service Quality Dimensions and Members' Satisfaction: A Mixed-Methods Approach

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ABSTRACT

This study attempts to investigate the relationship between service quality dimensions and satisfaction of credit cooperative members in Sarawak. This study used mixed method approach that involves two phases. The first phase employed a focus group interview to explore the experiences concerning service quality. The result in the first phase is used in the second phase of the study. The second phase of this study uses a quantitative methodology which employs a self-administered and a cross sectional survey design. 500 copies of questionnaires were distributed to credit cooperative members and 367 usable copies were subsequently collected. Partial least squares structural equation modelling (PLS-SEM) was utilized to assess the effect of service quality dimensions on members' satisfaction. From the first phase of this study, the researcher has found a new dimension named Personal Interaction in the Service Quality Model. The findings show that assurance, tangibility, reliability, responsiveness and personal interaction have positive effect on members' satisfaction whereas empathy does not. This study has important implications for policy makers, government and stakeholders of cooperatives for devising appropriate interventions that could enhance the satisfaction of members in credits cooperatives.

Keywords: Service Quality Dimensions; Members' Satisfaction; Cooperatives

INTRODUCTION

The debate on the relationship between service quality and satisfaction is still ongoing in literature. Other researchers stress that the quality of services can lead to customer satisfaction and behavioral intention (Chia et.al, 2008; Ott, 2008; [Molinari et. al, 2008](#)). It creates competitive advantage and has gained a lot of recognition, as a service delivery effort and receive high attention in the literature review ([Boshoff, 1997](#); [Swanson & Kelley, 2001](#); [Hocutt et. al., 2006](#); [Morrisson & Huppertz, 2010](#)). Past study has shown there is a positive relationship between service quality and business performance ([Parasuraman et al., 1988](#)). Ngadi (2010) highlights some of the challenges faced by credit cooperative are when most of their members have resigned and this has bringing an impact for the cooperative to provide loans. Therefore, efforts should be taken by the cooperative to recover this situation by gaining the confidence among the members, especially in providing the best service.

According to Hayati et.al (2008), credit cooperatives are currently receiving vast competition from the financial institutions. There are various credit products in the market with different features. As various credit products grow in the market, this has given a challenge to the credit cooperatives which are still operated in a small scale operation. In the National Cooperative Policy Plan 2011-2020, financial services cooperatives are encouraged to offer various financial products such as Ar-Rahnu and credit financing and also other financing services as to support the business development