

## Does the Quality of Service Affect the Participation of Cooperative Members?

Case Study on Student Cooperative of Universitas Negeri Padang

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### Abstract

This study aims to determine the effect of service quality on member's participation of student cooperative of Universitas Negeri Padang. Service Quality is measured by Reliability, Responsiveness, Assurance, Empathy and Physical Evidence. This research is a descriptive research using SEM (Structural Equation Modeling) analysis, the population is active members of student cooperative of Universitas Negeri Padang. Data were collected using questionnaires. The results of the research indicate that there is no influence between each dimension of Service Quality to participation of cooperative members, so to increase the participation of cooperative members, cooperative management can do other things that are not related to the quality of service.

**Keywords:** cooperative, member participation, service quality

### Introduction

Cooperative enterprise is a manifestation of the Indonesian economic system based on the principle of mutual cooperation and kinship, which means that cooperative activities require the participation of all members of the cooperative. Therefore, whether or not a cooperative business venture succeeds in its business depends on the members of the cooperative. Participation of members in cooperatives is called member participation. According to Sumaryadi (2010: 46), participation means the role of a person or group of people in the development process both in the form of statements and activities, by providing input in the form of thoughts, energy, time, expertise, capital and materials, and by participating in utilizing and enjoying the results of development. In a cooperative, participation is grouped into member participation as the owner of the cooperative and member participation as a cooperative user.

Participation of members as the owner of the cooperative is the participation to take part in controlling all decisions taken by cooperative enterprises, so that the decision is in line with the main purpose of the cooperative and for the development of cooperatives, despite the personal interests of a group of people. In addition, as the owner of a cooperative, the member can convey the needs that must be met by the cooperative, which result in the suitability between the needs of members with the products and services offered by the cooperative, which will affect the participation of members as cooperative users.

As a cooperative user, cooperative members can be said to be the main consumers of cooperatives, so that the progress of the cooperative's effort depends on how much and how often cooperative members use the cooperative business which in the company is known as loyalty. Customer loyalty is indispensable to a business entity, as Griffin (2005: 11) points out that the reward of loyalty is long-term and cumulative. The more loyal a customer, the more profits a company can get from this one customer. In the cooperative, the profit is expressed in the form of the remaining results of business ventures which will then be divided back to members of cooperative as its owner.

Member participation as a consumer can be realized if the cooperative business is the output of the members' needs that have been submitted to the cooperative organization. Cooperative business should be superior to its competitors, especially in terms of service quality. According to the American Society of Quality Control (Nursya'bani, 2006 : 9), quality is the overall characteristics and

characteristics of a product or service concerning the ability to meet predetermined or latent needs. It is concluded that the quality of service is something that cannot be separated from a business. Zeithaml, Berry, and Parasuraman (1985) in Tjiptono & Anastasia (2003 : 27) argue that on service marketing, quality dimensions are often referred to as reliability, responsiveness, assurance, empathy and tangible assets. This means that the quality of service can be said to be at its maximum level if the above five dimensions have been met.

Student Cooperative of Universitas Negeri Padang is a cooperative consisting of all students enrolled in Universitas Negeri Padang. The cooperative has a business unit in the form of canteen and print shop, and has an active member consisting of:

Table 1 The Number of Student Cooperative Member per College Year

No	Year	Number of Member
1	2012	192 people
2	2013	127 people
3	2014	207 people
4	2015	337 people
5	2016	138 people

Source: Universitas Negeri Padang Student Cooperative Administrator of 2016 Period

Based on Table 1 above, it is shown that the number of active members of Kompa of Universitas Negeri Padang is still small when compared with to the actual number of the university's student cooperative membership. Student Cooperative (Kopma) of Universitas Negeri Padang members comprise of all students reaching up to more than 30,000 people, whose membership is obtained when the students pay tuition at the beginning of their admission to Universitas Negeri Padang. The tuition includes compulsory cooperative savings in its payment component.

Student Cooperative of Universitas Negeri Padang with its existing business unit aims to meet the needs of students. However, the student cooperative has not been able to compete with other similar business entities. In terms of physical/tangible evidence, the canteen and print shop have not provided their best service yet. The size of the store is still small it looks less attractive to members who want to shop, and the goods presented are not yet complete or have yet to meet the needs of students that are very diverse. The print shop also has not been able to compete with the print shops operating around the campus. The employees of student cooperative is expected to provide the best service through a quick response, but at student cooperative of Universitas Negeri Padang, these needs have not been fully met. The cooperative has not been able to take the available opportunities by looking at the various needs of students as members, so that cooperative business has not yet developed well.

This study aims to analyze the effect of service quality dimensions on members participation of student cooperative of Universitas Negeri Padang. Referring to the opinion of Zeithaml, Berry, and Parasuraman (1985) in Tjiptono & Anastasia (2003: 27), in service marketing, the quality dimensions that are often referred to are reliability, responsiveness, assurance, empathy and tangible assets. Thus, the five aspects are chosen as the indicators of service quality measurement of the cooperative in this study. The quality of cooperative services could have been maximized if the above five dimensions have been met.

Based on the problems and theories that have been developed above, the research hypothesis is formulated as follows: There is a significant relationship between the dimensions of service quality and the participation of members of student cooperative of Universitas Negeri Padang.

## Method

This study describes a situation and the causes of a certain symptom which is defined as a descriptive and associative research. This research aimed to explain the impact of the independent

variable, that is service quality dimension which consists of tangible assets, reliability, responsiveness, assurance, and empathy, on the dependent variable of cooperative member participation.

This research is divided into 3 stages:

1. Determining the problem of research: in this stage, the researchers conducted a preliminary study by observing the student cooperative of Universitas Negeri Padang
2. Data collection: at this stage, the researchers conducted data collection in the form of questionnaires that have been made based on indicators of the variables studied.
3. Analysis and presentation of data, which is done by analyzing data using a data analysis techniques to produce quantitative data. From the results of this analysis, a conclusion is drawn and is then presented in the discussion.

This research was carried out in the Student Cooperative of Universitas Negeri Padang. The population of this study is the total members of the student cooperative, which amounted to 1080 people. According to Gay (Umar, 2001: 108), the minimum acceptable sample size based on the research design used for a descriptive method is at least 10% of the population. For a relatively small population, the sample size must be at least 20% of the population. Based on this opinion, with at least 10% of the population, the authors employed a sample of 192 people or 17.8% of 1080 people. This is also supported by Steven (1996) who stated that the minimum sample of estimates using SEM is 15 times the number of variables. This study consists of two variable; thus, the number of samples is adequate. The sampling technique is the random sampling.

This study was designed using mixed methods. The basic premise used as the reason why mixed method research is born is: "That combination of quantitative and qualitative approaches will result in better understanding of research problems than if using only one approach". Mixed method research aims to overcome the weaknesses of both quantitative and qualitative approaches (Creswell, 2003).

The quantitative data of this study explain whether the reliability, responsiveness, assurance, empathy and tangible assets which are the dimensions of service quality, affect the participation of the cooperative members. The data also determine which dimension has the greatest influence, and which dimension has the smallest effect.

This study examines the effect of service quality dimensions on cooperative member participation. The quality of service is a series of activities oriented to meet the demands of customers in conducting transactions in the cooperative so that customers feel satisfied and comfortable in using cooperative services.

The service dimensions of the cooperative can be seen in terms of:

1. Reliability, which is the ability of cooperative management to provide the promised services immediately and satisfactorily.
2. Responsiveness, which is the desire of the cooperative management to help the members to provide services and to quickly respond to all of the demands of members.
3. Assurance, which includes knowledge, skills, courtesy and credible nature possessed by cooperative managers.
4. Empathy, which includes ease in making good communicative relationships, personalized response and understanding the needs of members.
5. Tangible assets, which includes facilities, equipment, administrators and means of communication.

Participation of members of a cooperative is the participation of cooperative members in cooperative activities, both as the owners and as the customers of the cooperative. Data were collected by using questionnaire where the tool revealed that the data distributed in the form of the questionnaire have been tested previously to test its reliability and validity.

The research data were collected by using questionnaires on the quality of service and participation of members of student cooperative of Universitas Negeri Padang. The questionnaire was developed based on the conceptual-theoretical model that is derived directly from the research respondents, to see the extent to which student cooperative member participation is influenced by the

dimensions of service quality. The statistic model that is used in this research is SEM (Structural Equation Model). The primary data processing obtained from the research respondents was done by using SEM (Structural Equation Model) to determine the relationship between latent variables.

The model used in this study is illustrated in Figure 1 below:

Figure 1 Research Conceptual Model

## Results and Discussion

This study aims to analyze the effect of service quality dimensions of cooperative on the participation of student cooperative members of Universitas Negeri Padang. Referring to the opinion of Zeithaml, Berry, and Parasuraman (1985) in Tjiptono & Anastasia (2003: 27), in service marketing, the quality dimensions that are often used are reliability, responsiveness, assurance, empathy, and tangible assets. Thus, the five aspects are chosen the indicators of service quality measurement of the cooperative in this study. The quality of cooperative services has been maximized if the above five dimensions have been met.

The results were processed using data processing smartpls software version 3.0 with a Structural Equation Model (SEM). This study uses 95% confidence level with the limit of t-value of 1,96 with the loading factor value of  $> 0,50$ . Before performing model testing, all variables in the study have passed the validity and reliability test.

The following outlines the analysis of the five indicators.

### 1. Reliability

The benchmark of reliability is the ability to provide the promised service promptly and satisfactorily without making any mistakes and the delivery of services according to the time agreed. This is in accordance with Tjiptono & Chandra's opinion (2005: 157) which explains that reliability has several attributes as follows:

- Provides services as promised
- Is reliable in handling customer service issues
- Delivers services correctly from the first time
- Delivers services in accordance with the time promised
- Prepare notes/documents without errors

The testing of H1 shows that cooperative member participation is not significantly influenced by the dimension of reliability. The test results are illustrated in the path diagram below.

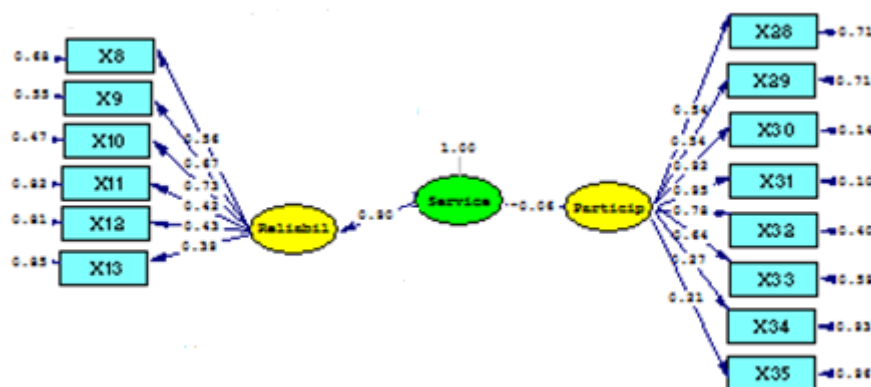


Figure 2 Structural Model of *t-values*

The path diagram above shows that the relationship between service quality dimension, reliability, with cooperative members' participation as mediated by the quality of service cooperatives. The test result shows that t-value is 0.90 (95% confidence level), which means that the t-value of  $<1.96$  indicates that H1 is not proven or rejected.

## 2. Responsiveness

Responsiveness is the desire of the cooperative management to help the members by providing services and quick responses to all the wishes of members. The result of H2 testing shows that there is no positive relationship between the dimension of responsiveness and the quality of cooperative services. The illustration is shown in the diagram path below.

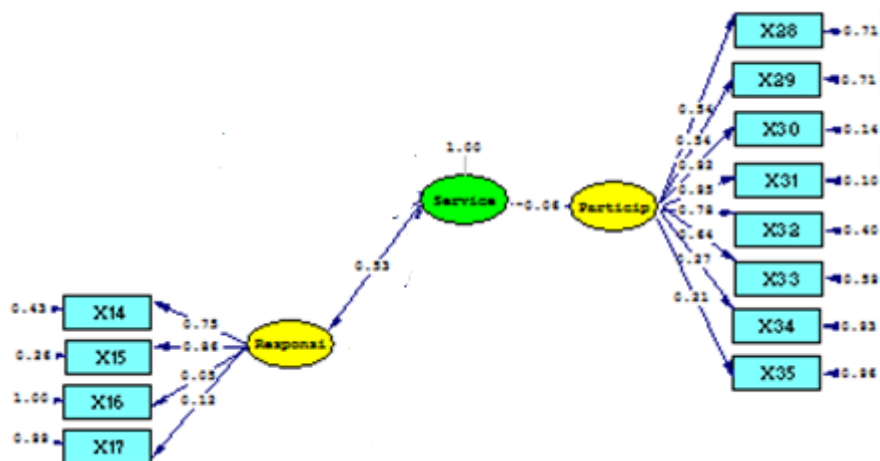


Figure 3 Structural Model of *t-values*

Based on the test results, the obtained value is 0.53, which means that the t-value is  $<1.96$  (95% confidence level). Thus, there is no significant correlation or positive relationship between the dimension of responsiveness with the participation of cooperative members, and H2 is rejected. The above diagram describes that the quality of service as a latent variable is the mediating variable between the dimension of responsiveness and the participation of cooperative members.

## 3. Assurance

The dimension of assurance includes the knowledge, capability, courtesy and the trustworthiness possessed by the cooperative management. One of the purposes of this research is to analyze the effect of assurance on cooperative member's participation.

The test result of for H3 shows that there is no positive relation between guarantee dimension and the participation of cooperative members. The illustration is shown in the path diagram below.

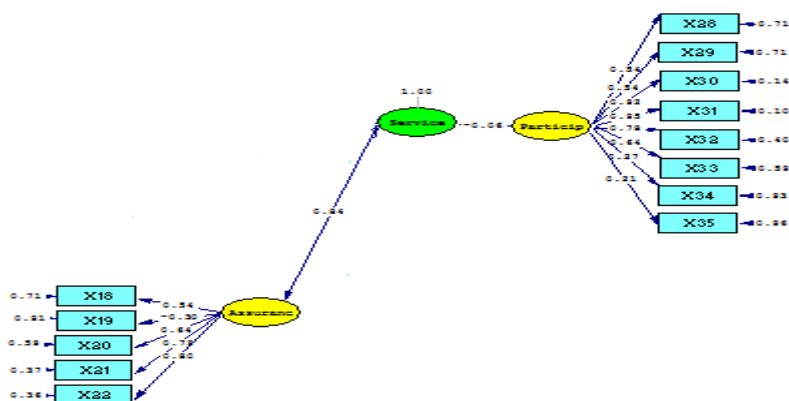


Figure 4 Structural Model of *t-values*

The diagram above explains that the t-value is 0.94 (95% confidence level), which means that the t-value is  $<1.96$ , and H3 is rejected. Thus, it can be said that the assurance dimension does not have a positive impact on the participation of cooperative members.

#### 4. Empathy

Empathy is the convenience of creating a good communicative relationship, personalized responses and meeting the needs of customers so that it is easier for customers to communicate. The goal of empathy is to give genuine and personalized attention to the customer.

After analyzing the influence of the empathy variable on the latent variable (cooperative member participation), it is found that H4 is rejected, judging from the lack of positive association between empathy and cooperative member participation. The illustration is shown in the path diagram below.

The path diagram below shows that the t-value is  $<1.96$ . The t-value is 0.75 (95% confidence level), which means that the empathy dimension is not able to increase cooperative members' participation.

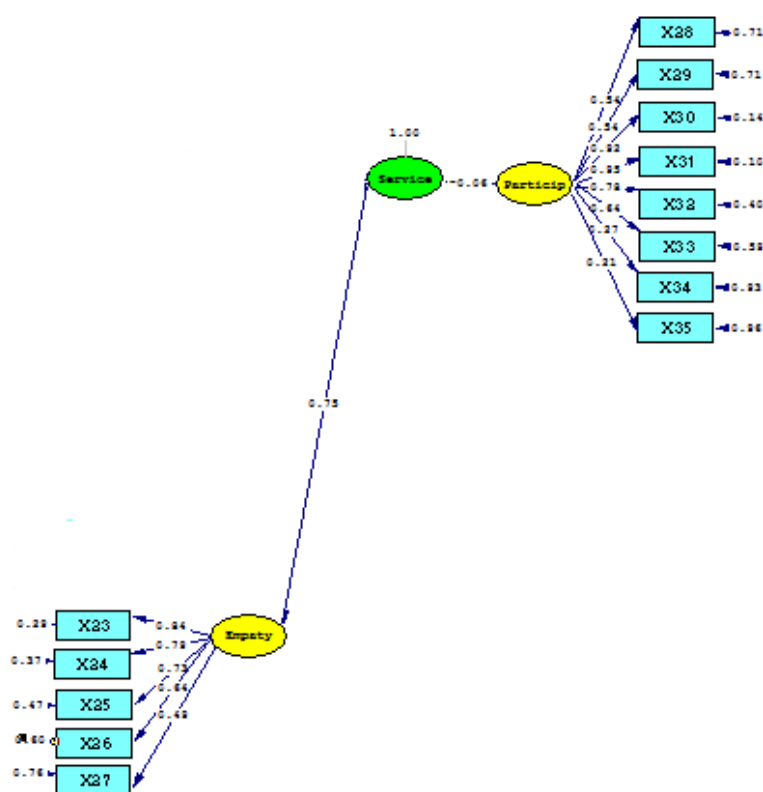


Figure 5 Structural Model of *t-values*

#### 5. Tangible Assets

This dimension refers to the physical appearance of service facilities, the equipment, human resources, and corporate communication materials. Based on the results of the analysis conducted using SEM program, this research found that that tangible assets do not significantly influence the participation of the cooperative members. The illustration is shown in the path diagram below.



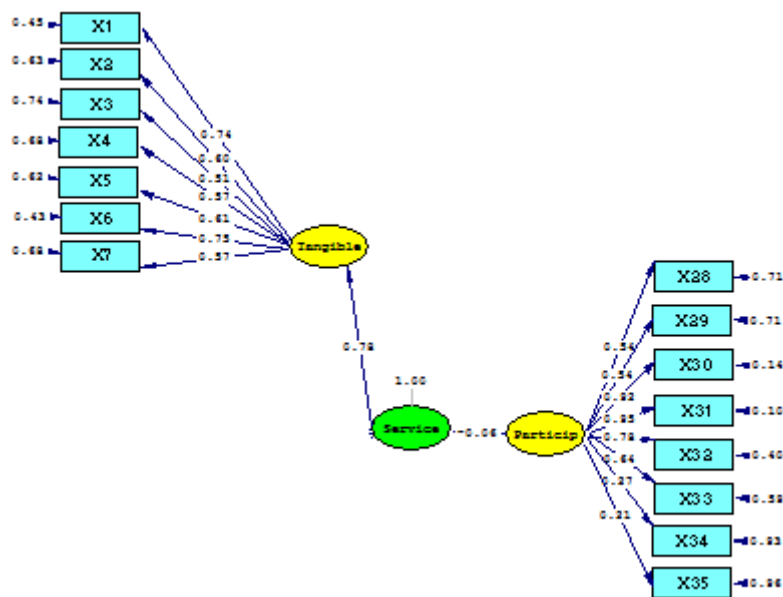


Figure 6 Structural Model of *t*-values

The path diagram above shows the *t*-value is  $< 1.96$ . Thus, with the *t*-value of 0.78 (95% confidence level), the H5 is rejected. Thus, it proves that tangible assets cannot be positively associated with the participation of cooperative members.

#### Analysis of the Effect of Five Indicators of Service Quality Dimensions of a Cooperative (Reliability, Responsiveness, Assurance, Empathy, and Tangible Assets) on Cooperative Member Participation

To analyze the effect of service quality dimensions of a cooperative through five indicators (reliability, responsiveness, assurance, empathy, and tangible assets) used as independent variables of research, on cooperative member's participation as the dependent variable, it is necessary to see the factors that influence the participation of cooperative members. This is in line with the opinion of Ropke (2003: 53) that the quality of participation of members depends on three variables, namely: (1) benefits received members of the cooperative; (2) organizational management related to members' understanding of cooperatives; and (3) programs undertaken by cooperatives relating to cooperative business services.

The results of data processing using data processing Smartpls software version 3.0 of Structural Equation Model (SEM) are described in the path diagram below.

The path diagram above explains that the analysis of the effect of dimensions of service quality of cooperative on cooperative member participation is mediated by five indicators (reliability, responsiveness, assurance, empathy, and tangible assets). The test results show that the *t*-value is 0.06  $< 1.96$  (95% confidence level), meaning that the hypothesis is rejected. The rejection of the hypothesis means that there is an insignificant relationship between the cooperative service quality variable and the cooperative members' participation. This condition can be interpreted that the small coefficient value does not encourage a significant and strong relationship between the two variables above.

The results obtained do not support the opinion of Ropke, which explains that the participation of members in the cooperative is influenced by (1) benefits that can be obtained members of the cooperative; (2) members understanding on the cooperative as a result of organizational management and cooperative management by its managers; (3) the quality of cooperative business services that have been programmed by the managers.

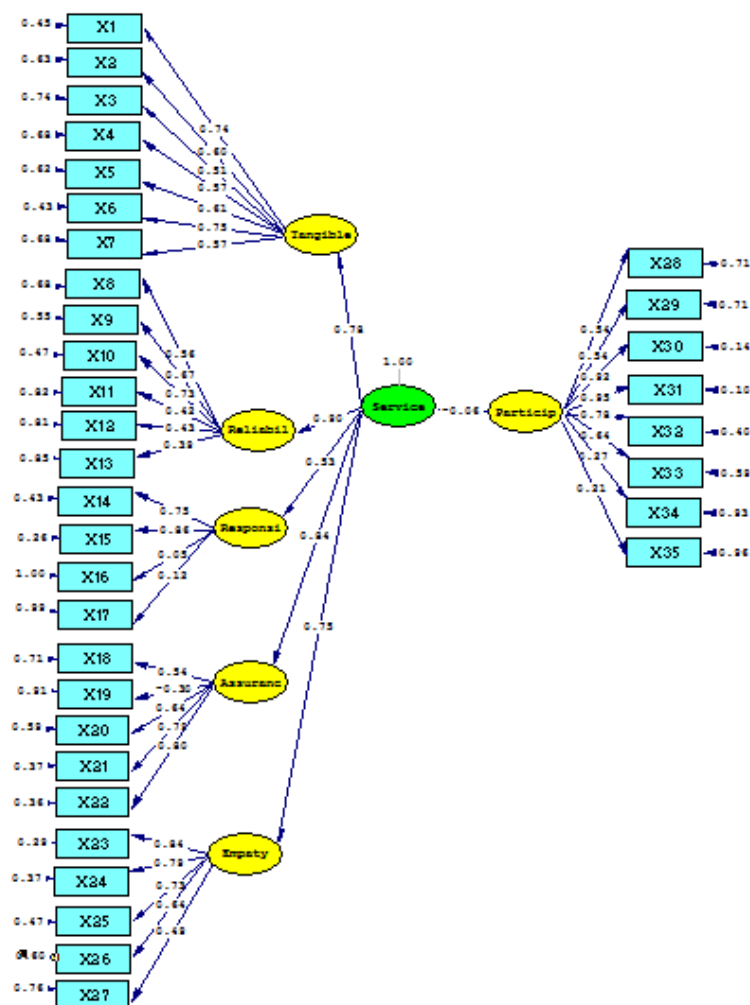


Figure 7 Structural Model of *t-values*

(Analysis of the Effect of Five Indicators of Service Quality Dimensions of a Cooperative (Reliability, Responsiveness, Assurance, Empathy, and Tangible Assets) on Cooperative Member Participation)

The quality of service of a cooperative cannot directly increase the participation of members of student cooperatives. The researchers assumed that the quality of cooperative services are not completely formed in students as consumers as they do not have intrinsic motivation and a strong personal value on the cooperative (as a form of attitude). Meanwhile, the extrinsic motivation based on the students' social value also does not build their desire to visit the cooperative.

The result of this study is related to the perceptions of the members when evaluating the quality of cooperative services. To generate attitudes, consumers make an assessment by involving their cognitive and affective components, and they later decide the behavior to be taken. The result of student perceptions on the quality of cooperative services cannot reflect the strong participation of the respondents which will later encourage the active participation level of the cooperative. The quality of cooperative services can only form the perception of the students that will later measure the level of their participation on the cooperative. The measurement does not necessarily affect the students to participate more in his role as a member of the cooperative or as a cooperative management.

## Conclusions

Based on the results of research, it is concluded that service quality has no significant effect on the participation of members of the Student Cooperative of Universitas Negeri Padang. The details of each dimension of service quality are:



1. Reliability does not significantly affect the participation of cooperative members with a t-value of 0.90, which is less than 1.96.
2. Responsiveness does not significantly affect the participation of members with a value of 0.53, which is less than 1.96.
3. Assurance does not significantly affect the participation of members with a t-value value of 0.94, which is less than 1.96.
4. Empathy does not significantly affect the participation of members with a t-value value of 0.53, which is less than 1.96.
5. Tangible assets does not significantly affect the participation of members with a t-value of 0.78, which is less than 1.96.

Based on the results of this research, service quality dimensions of reliability, responsiveness, assurance, empathy, and tangible assets, have no significant impact on the participation of cooperative members of student cooperative of Universitas Negeri Padang. Hence, to increase cooperative member participation, cooperative management can do various business ventures instead of improving its service quality, one of which by increasing the emotional bond between members.

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