

# Challenges in Improving the Services of La Union Electric Cooperative Incorporated (LUELCO, Inc.) For Member-Consumer-Owners' (MCOS) Satisfaction In The Province of La Union

Glades C. Medina, Narciso A. Martin Jr. and Ramon C. Posadas, PhD

*Polytechnic College of La Union*

**Abstract** – The study used descriptive-correlational research methodologies because it described the satisfaction delivered by LUELCO employees and established the relationship of the challenges encountered by a registered consumer in the field of electrification. The total sampling comprised 120 Member-Consumer-Owners (MCOs) from the six (6) service branches of LUELCO in the Province of La Union and they were taken randomly. The study had a hundred percent retrieval rate. Mean, weighted mean, rankings and Pearson Product-Moment Correlation Coefficient were used to present and interpret the results. Data revealed that the actual service (4.24) experienced by Member-Consumer-Owners (MCOs) was less than what they expected (4.60) from LUELCO which resulted in gap scores in the service dimensions of each branch. SERVQUAL RATER confirmed that Branch F (-1.06) obtained the highest gap. Noted some indicators such as consumers' confidence in employees (+0.40), consumers' best interests at heart (+0.25) and personal attention by employees (+0.20) can increase satisfaction ratings from MCOs. Recommendations were provided such as increase tangibles for Branches A, E and F for branch aesthetics while enhances service contact for Branches B, C and D. The computed Pearson's  $r$  (0.41) confirmed that the satisfaction rating of MCOs was moderately affected by the challenges. Therefore, the study strongly suggests the creation and design of MCOs Service Flowchart and adapt the proposed plan of action.

**Keywords** – Correlation, Gap Score, SERVQUAL RATER

## INTRODUCTION

The growing popularity of service providers across the globe is more likely to prioritize consumer success than those with stagnant or decreasing revenue because successful consumers can become the best sales people. Research already confirmed that 77% of people have shared positive experiences with companies who are found to be performers for peer emulation and benchmarking. Further, keeping current consumers happy and satisfied become a good business practice that contributes into the success stories of a business in the long run.

According to Jack Welch, one quality business-expert, business is a gamble where consumer's satisfaction is one of the leading determinants of business success indicators. Besides, common business wisdom tells us that acquiring consumers is 5 to 25 times more expensive than keeping current consumers. A bad consumer experience or bad consumer service is also a leading indicator of consumer's disappointment considered to be massively detrimental to the business growth and success. One business simply cannot grow sustainably if it has a problem because of seamless "red

flags" in the flow of service cycle. One solution is an objective measurement of consumer satisfaction, and working to improve it over time. The idea of continuous improvement (Kaizen) introduced by Japanese in business parlance is one step towards the attainment of genuine quality satisfaction in all service providers across key cities and municipalities.

Consumer satisfaction is an important ingredient of business success. Many business experts already concurred that it should be well-designed into the service counters of all service providers around the world. Different lines of business sectors should prioritize it because this is where the over-all impression are being considered into the eyes and taste from the different attitudes displayed by the target consumers.

Connected in the field of service electrification to thousands of lives of people in the Region where LUELCO supplies the daily electricity requirement in the North. Indeed, electric cooperative branches operate in Benguet, Pangasinan, Ilocos and La Union to reach-out even members and families belonging to rural and far-flung areas.

For example, in the Province of La Union,



electrification as a product of science and discovery to improving the quality life, becomes one of the major requirements to sustain life both in and out of the barangay family households. Through the electrification that LUELCO provides to business owners, retailers, merchants, commercial buildings, residential houses, households' families and all of its Member-Consumer-Owners (MCOs) could enjoy the convenience and offered amenities during their memberships with the Cooperative.

LUELCO expands its consumer's accessibility to at least more or less twenty (20) operating branches which are supervised into five (5) districts under its key officials and branch managers.

LUELCO Inc. is officially registered with National Electrification Administration (NEA) on August 6, 1971 and had started servicing electricity to thousands of household families, residential and commercial scattered across the province on September 16 of the same year.

From the 2,535 registered Member-Consumer-Owners (MCOs), LUELCO had now an approximate total number of consumers population of about 158,000 (October to December 2019) which were further classified as barangay and households' member consumers where all of them hope to be provided with electric service with satisfactory service delivery to every engagement.

Random interview revealed that the Member-Consumer-Owners (MCOs) must submit documentary requirements during their application with the cooperative such as undergoing Pre-Membership Seminar, Secure Electrical Inspection from Municipal Engineer's Office and Submission of Pay Pole Metering Materials among others before the service installation shall follow to conclude the registration. Once officially registered with the Cooperative, the Member-Consumer-Owners (MCOs) starts his service contact experience along with consumer service queries, electric consumption, meter reading, collection and even service disconnection. This is where also the start of his impression along with the challenges, problems and issues that somehow could affect his evaluation with the total picture of service delivery process provided to him.

Through the benefits that the Member-Consumer-Owners (MCOs) could derive from electric service providers in the country, the researcher wants to describe the consumer's satisfaction delivered by LUELCO through their service counters in each of their branches in the Province of La Union and make

recommendations to improve more the operations for business success stories.

### **OBJECTIVES OF THE STUDY**

The findings of this study are indispensable to LUELCO Officials, employees, Member-Consumer-Owners (MCOs) and to the Electric Cooperatives (ECs) in general.

This study described the consumer satisfaction as to how delivered by La Union Electric Cooperative, Inc. into its Member-Consumer-Owners (MCOs) in the branches of Agoo, Aringay, Bangar, Bacnotan, Naguilian and Rosario in the Province of La Union.

Specifically, it sought answers to the following questions:

- 1) How do the LUELCO Member-Consumer-Owners' expectations towards service delivery describe on the areas of SERVQUAL RATER (reliability, assurance, tangibility, empathy, responsiveness)?
- 2) How do the LUELCO Member-Consumer-Owners' actual experiences on the service delivery describe?
- 3) What are the gaps identified on service delivery based on LUELCO Member-Consumer-Owners' expectations from that of actual service experienced?
- 4) What are the challenges in the improvement of consumer satisfaction for LUELCO Member-Consumer-Owners?
- 5) Is there a significant relationship between the challenges encountered in LUELCO by Member-Consumer-Owners with their actual service experienced?
- and 6) What plan of action can be proposed to improve the service delivery of LUELCO for the benefit of Member-Consumer-Owners in the Province of La Union?

Further, this study test the null and alternative hypotheses which states 1) There is no significant relationship between consumer satisfaction and the challenges encountered by Member-Consumer-Owners (MCOs) in LUELCO and 2) There is a significant relationship between consumer satisfaction and the challenges encountered in Member-Consumer-Owners (MCOs) in LUELCO.

### **MATERIALS AND METHODS**

The study used descriptive-correlational research methodologies. Descriptive because the main objective was to describe the consumer satisfaction delivered by LUELCO. Correlational because the study established the relationship of consumer challenges in the design of award-winning consumer satisfaction in the field of electrification.

The respondents were the Member-Consumer-

Owners (MCOs) of the six (6) service cooperatives in the form of random sampling. The six (6) service cooperative branches were labeled as Branches A, B, C, D, E and F as a form of respect to their privacy and to treat their shared information with extreme confidentiality.

The study adapted the SERVQUAL questionnaires developed by Parasuraman et al., (1985, 1988).

Further, the study structured the benchmark statements for the challenges encountered by the Member-Consumer-Owners (MCOs) and considered the ISO 9001:2008 Standard Customer Satisfaction Questionnaires for item nos. #01, #02, #03, #04, #05, #06, #07, #08, #09, #16, #17, #18 and #19 with a total of thirteen (13) questions. For item nos. #10, #11, #12, #13, #14, #15 and #20 were taken from LUELCO Customer Satisfaction Survey (2019) with a total of seven (7) questions. For item nos. #21, #22, #23 and #24 with a total of four (4) questions followed by the Complaints Process Satisfaction Survey designed by researcher Colmar Brunton (2017).

Summarizing the questionnaires used such as for Expectation (22), for Actual Service (22) and Challenges (24) with a total of sixty-eight (68) statements solely answered by the Member-Consumer-Owners (MCOs).

Since one of the main objectives of the study was to highlight areas of service RATER dimensions for relational improvement the final results were interpreted and analyzed accordingly.

Ranges	Gap	Interpretation
+0.01	Positive	Exceeded
=0.00	Break-Even	Met
-0.01	Negative	Dissatisfied

The hypotheses of the study were answered applying correlation to establish relationships among variables at 0.01 level of significance where the formula of Pearson Product Moment Correlation Coefficient (Pearson's r) was used following reference for the results of the degree of coefficient from Very Strong Negative to Very Strong Positive.

The data were collected during February and March and had a hundred percent retrieval rate.

## RESULTS AND DISCUSSIONS

The SERVQUAL RATER for expectation revealed that ranked 1 was assurance dimension (adequate support from employees, 4.68), ranked 2.5 were reliability dimension (keeping promises, 4.66) and responsiveness dimension (employee's willingness to help, 4.67), ranked 4 was empathy dimension (understanding specific needs of the consumers, 4.66) and ranked 5 was tangibility dimension (neat appearance of employees, 4.68).

The SERVQUAL RATER for actual service rating revealed that ranked 1 was responsiveness dimension (employee's willingness to help, 4.46), ranked 2.5 were assurance dimension (courteous employees, 4.43) and empathy dimension (convenient operating hours, 4.43), ranked 4 was reliability dimension (sincere in solving consumer problems, 4.33) and ranked 5 was tangibility dimension (neat appearance of employees, 4.43).

The computed Gap Score revealed that the highest result was registered from Branch F (-1.06), followed by Branch E (-0.75), followed by Branch B (-0.22), followed Branch D (-0.12) and followed by Branches A and C (-0.01).

LUELCO	Expectation Score	Actual Service Score	Gap Score	Interpretation
Branch A	4.82	4.81	-0.01	Dissatisfied
Branch B	4.87	4.65	-0.22	Dissatisfied
Branch C	4.53	4.52	-0.01	Dissatisfied
Branch D	3.46	3.34	-0.12	Dissatisfied
Branch E	5.00	4.25	-0.75	Dissatisfied
Branch F	4.92	3.86	-1.06	Dissatisfied
<b>Grand Mean</b>	<b>4.60</b>	<b>4.24</b>	<b>-0.36</b>	<b>Dissatisfied</b>

The challenges on MCOs' satisfaction were noted as moderately agree with resolve complaints (4.10), moderately agree with speed electric service connection after bills payment (4.08), moderately agree with the provision of a more responsive and proactive communication (4.01), moderately agree with explaining the process better and steps to take (4.01) and moderately agree with speed electric service connection after disconnection (4.01). This means that if LUELCO will

address these cited challenges, the satisfaction ratings will probably increase.

Challenges		Average Weighted Mean	Descriptive Equivalent Rating	Rank
12	Provide more responsive and proactive communication	4.01	Moderately Agree	4
13	Resolve complaints	4.10	Moderately Agree	1
14	Explain the process better and steps to take	4.01	Moderately Agree	4
21	Speed electric service connection after bills payment	4.08	Moderately Agree	2
24	Speed electric service connection after disconnection	4.01	Moderately Agree	4

The computed Pearson's  $r = 0.41$  had a degree of correlation of a moderate positive relationship. Therefore, the alternative hypothesis of the study was accepted that there was a significant relationship between consumer satisfaction and the challenges encountered by Member-Consumer-Owners (MCOs) in LUELCO. This means that the satisfaction of Member-Consumer-Owners (MCOs) was moderately affected by the challenges they encountered during employees' contact. If the MCOs continue to experience problems in LUELCO their satisfaction tends to decline and rating becomes unfavorable.

Respondents	Satisfaction	Challenges
1	110	62
120	70	42
<b>Pearson r</b>		<b>0.41</b>

### CONCLUSIONS AND RECOMMENDATIONS

On the bases of major findings of this study, the following conclusions were drawn.

There is no "perfect business" that exists in the field regardless of classification types or company sizes but there are parameters to be measured.

The expectation of Member-Consumer-Owners (MCOs) becomes a measurement tool in setting the "standards" of consumer service in the field of

electrification.

Satisfaction rating becomes subjective for as long as there is a human intervention in the customer care process.

There are LUELCO branches such as Branches A, E and F whose Member-Consumer-Owners (MCOs) continue to expect aesthetics in the operation.

There are LUELCO branches such as Branches B, C and D whose Member-Consumer-Owners (MCOs) continue to expect award-winning consumer service in the operation.

Among the branches, Branch F obtained the highest gap scores which alert LUELCO management to review their service designs on their counters now.

Among the LUELCO branches, Branches A and C obtained the lowest gap scores which could mean that they have just minor issues of dissatisfaction on their counters.

If the gap scores per branch will be addressed the effect will be an increasing satisfaction rating from the Member-Consumer-Owners (MCOs).

There might be other challenges that this study unable to identify because sometimes consumers are not honest to lodge complaints which are indispensable in the design of MCOs service patterns, things that might overlook by LUELCO as well.

Satisfaction rating is just only among the many possible service constructs in describing and achieving an award-winning consumer service pattern.

Further, the researcher humbly recommended the following to contribute to the attainment of the goals of each LUELCO branch beneficial to the Member-Consumer-Owners (MCOs) and for LUELCO Officials and operational employees in general.

For Branch A must sustain and continue improving satisfaction indicators that had exceeded consumers' expectations such as the courtesy of their employees and provision of service where it catches their consumers' best interests at heart, where other branch managers may replicate the same into their daily operations.

For Branches B, E and F managers may think of better ways and strategies on how to address almost 96%, 100% and 100% of MCOs dissatisfaction respectively under their watch. They may have a dialogue with the other branch managers (A, C and D) to discuss the problems and to ask possible solutions or if there are new techniques now that can be employed in the operation under their supervision. A collaboration of key Officials is one strategy towards satisfaction.





For Branch C noted the following service indicators such as the attainment of consumers' confidence on employees and consumers' best interests at heart how it strategized its service counter and share to the other branches which seemed to fail on these dimensions such as Branches A, B, D, and E.

For Branch D must sustain its employee's personal attention to MCOs because this becomes a general consensus from all service providers.

For Branches A, E and F may procure modern technology equipment and the designs of visually appealing materials to be used in the daily conduct of operation because MCOs put high ratings on tangibles. Advance technologies such as WIFI, flat-screen computers and bigger sizes company cars may be requested to experience something new in the service cycle.

For Branches B, C and D which prioritized employee engagement the concerned managers may review the additional manpower in the operation if the goal is sustainable genuine satisfaction under their leaderships.

For Branches B, E and F managers alert LUELCO top management to send employees to attend training and seminars all about consumer service provision.

It is strongly recommended to the concerned managers to review all the gap scores of their branch under their watch and provide an immediate resolution.

The study recommends reviewing the impact of the challenges as revealed by their respective MCOs to each branch manager and incorporates the same in the future discussions (Pre-Membership Seminar) with MCOs for them to understand clearly the processes, policies and procedural inside LUELCO. Sometimes, confusion and misunderstanding are becoming the culprits in giving-off one objective evaluation of satisfaction in the service sectors.

The managers of Branches A, C, D, E and F may consider some of the inputs courageously given by their MCOs during the interview.

This study strongly suggests creating and posting MCOs Service Flowchart visible to the eye of transacting public one that is easy to read and understand translated in vernacular languages of the town.

The LUELCO managers may adapt the proposed action plan of this study, as an initial step towards ISO Certification, into their daily operation while reviewing some company policies no longer applicable or need some revisions now that will benefit all MCOs in the

Region.

The researchers strongly suggest conducting future researches and explores the SERVQUAL RATER with the other consumer service constructs to validate the existing results for deeper understanding.

#### **REFERENCES**

- Magna Carta for Residential Electricity Consumers. ERC Resolution No. 28, s. 2010. pp 1-15
- Member Consumer Owners Program for Empowerment (MCOPE). Approved by the NEA Board dated July 31, 2019. pp 1-30
- National Electrification Administration (NEA). Customer Satisfaction Survey. NEA Memorandum No. 2018-005 issued dated January 25, 2018. pp 1-10
- Parasuraman, A., Zeithaml, V. and Berry, L.L. (1988). "SERVQUAL: A Multiple-item Scale for Measuring Consumer Perceptions of Service Quality", *Journal of Retailing*, Vol 64, pp 12-40.
- Parasuraman, A., Zeithaml, V. and Berry, L.L. (2005). A multiple-item scale for assessing electronic service quality. *Journal of Service Research*, 7(3), 213-233.