

# Satisfaction Towards Management as a Means to Influence Customer Satisfaction – The Case of a South African Farmer-Controlled Business

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The article is based on the premise that there are a variety of factors contributing towards customer satisfaction, namely price, product, service and personnel. It also argues that management plays a significant role in agribusinesses/farmer-controlled businesses (FCBs) where the farmer is both a customer and shareholder. The results indicate that management indeed has a significant influence on customer satisfaction with the company and that it is possible to identify drivers inherent in the business units of a FCB that impact overall customer satisfaction directly. Agency theory plays an important role in FCBs, and therefore satisfaction towards management should be included in customer satisfaction measures for FCBs. The study made a contribution to theory, as well as to practice by shining light on very important aspects of customer satisfaction (management) in a FCB, which will assist in gaining knowledge on this unique business-form and the management thereof.

It is widely accepted that customer satisfaction is an essential element for the survival and success of any organisation. Customer satisfaction leads to customer loyalty, which is vital for retaining customers (Bodet, 2008). Since organisations depend on repeat business for survival, profits increase if customers are efficiently served (Nowak and Washburn, 1998). Drivers such as the price of products and services, product quality, service quality (Nowak and Washburn, 1998) and personnel efficiency (Adomaitiene and Slatkeviciene, 2008) all have an influence on customer satisfaction because these variables shape the opinion of customers concerning the business. Traditional customer satisfaction studies however, use primarily satisfaction towards service quality as a measure for customer satisfaction (Chen et al, 2007).

An agribusiness serves customers through a variety of activities, such as financing, grain marketing and storage and dealer shops. As a result, most typical agribusinesses consist of various business units that are operated for the benefit of their customers (NCBA, 2008). These business units are seen as part of the overall business, but are operated and managed individually. Consequently, each business unit can also be examined with regard to the drivers inherent in the business unit, as well as the impact of customer satisfaction with the company as a whole.

Agribusinesses refer to agricultural co-operatives, investor-oriented firms (IOFs), or farmer-controlled businesses (FCB). Co-operatives were prevalent in South Africa up to the abolition of apartheid in the 1990s, when the new democratic government deregulated the financial sector and abolished subsidies to agricultural co-operatives. In an effort to remain competitive, the major co-operatives were converted into investor owned firms (IOFs) (Ortmann and King, 2007) or farmer-controlled businesses (FCB). A FCB is a business where “a larger or smaller share of the stock is owned by farmers” (Nilsson et al, 2014). The agribusiness that is analysed in this article is a former agricultural co-operative that was converted into a FCB and the focal agribusiness will therefore be referred to as such in the rest of the article.

The primary goal of a co-operative and that of an IOF is fundamentally in contrast, as co-operatives exist for the benefit of the member and to serve the member through economies of scale and better prices. Co-operatives are not motivated by profit (NCBA, 2008), while IOFs concentrate on the profit-motive and strive to increase the wealth of the shareholders by increasing the value of the share price (Megginson et al, 2008). The goals of these two business forms thus appose each other in the sense that the co-operatives focus on the member as a customer, while the IOFs focus on the shareholder (Helmberger and Hoos, 1962). A FCB is based on the principles of a co-operative, but also has to ensure profits and maximisation of the share price for shareholders. A FCB is basically a hybrid between a co-operative and an

IOF (Nillson, et al, 2014). When it comes to FCBs there is also an automatic conflict between the interest of the farmers and that of the external investors (Ollila et al, 2014), as both parties are shareholders with possibly different objectives. In the study it has been found that the farmer-shareholders are much more loyal and less inclined to exit. However, management of this specific business form can become quite challenging, due to the fact that the main aim of the company (profit and share maximisation) and that of the farmers (better prices and profitability of the farm itself) differs completely. Therefore, changing the fundamentals on which a co-operative was built should have an influence on how the customers perceive the business.

Agribusinesses are in the unique position of having farmers as customers and shareholders/members of the business. This creates a distinctive value-chain relationship between the organisation and customer (Hernández-Espallardo et al, 2009).

Due to these exceptional circumstances, agency theory will have an impact on the perception of the customer as well (as the customer is also the shareholder) (Ortmann and King, 2007). In terms of agency theory, there is a relationship between a principal and an agent. In a business context, the principal comprises the shareholders of a company, while the agent is the management employed to ensure that the business is run and managed to the advantage of the principal. The cornerstone of agency theory is that the ambitions of the agent and the principal are distinctly different from each other. If management does not act in the interest of the shareholders, then this is referred to as agency cost (Firer et al, 2008).

As a result of the different roles farmers play within the agribusinesses (that of a customer, as well as a shareholder/member) the customer will have a variegated, strong perception of the management of the agribusiness. Therefore, in this article the spotlight falls on management as a driver of customer satisfaction in this farmer-controlled business, which ultimately contributes to both theory and practice.

The aim of the article is to employ not only service quality as a measure of customer satisfaction, but all the other drivers of customer satisfaction as established by previous studies, as well as satisfaction towards management, by using a simplified method. In doing so, it will be possible to determine which drivers inherent in the various business units influence customer satisfaction of the company as a whole significantly. The article provides a literature background on the traditional drivers of customer satisfaction, specifically service quality, the limitations pertaining thereto and management as a driver of customer satisfaction in agribusiness with specific reference to the agency theory. Empirical data was collected by distributing questionnaires to all of the customers of a major FCB in Central South Africa. The rest of the article will focus on the survey, explaining the population, sample, data collection and analysis. The results, the discussion and conclusions will be presented and lastly, possible implications of the findings will be provided.

The literature review will focus on the traditional drivers of customer satisfaction, as well as management as an indispensable driver of customer satisfaction in an agribusiness.

## **Traditional Drivers of Customer Satisfaction**

Before the latter part of the 1990s, customer satisfaction was only considered and measured for the particular product or service the customer acquired, therefore only “post-purchase evaluative judgments concerning specific purchase decisions” were considered. Lately, customer satisfaction is more concerned with the customers’ previous experience of the company and the product or service collectively. This approach thus implies that it is better to measure overall satisfaction, rather than just customer intention or behaviour (Bodet, 2008).

It follows from the vast body of literature and research available on the subject, that customer satisfaction has been researched extensively (Keiningham et al, 2005; Martin-Consuegra et al, 2007; Oliver, 2009; Prabhakar, 2007; Singh and Sirdeshmukh, 2000; Stock, 2005; Sun et al, 2007). Managers are concerned with keeping the customer satisfied, because — in reality

— the customer is king. Also, managers are obligated to build long-term relationships, in other words, ensure that the customer keeps coming back (Arnould et al, 2004).

By keeping customers satisfied, they will keep coming back, develop a long-term relationship with the company and ultimately have a positive impact on the bottom-line (Sun et al, 2007). According to Blackwell, Miniard and Engel (2006) customer satisfaction encourages repeat purchases, shapes word-of-mouth communication, lowers customers' price sensitivity, has implications for customer recruitment and ultimately affects shareholder value. The traditional inherent drivers needed in the development of satisfaction of customers are perceived price fairness, perceived product quality, employee-customer interaction (personnel) and service quality that inspire trust (Yieh et al, 2007).

When customers perceive the price of a product or service to be fair in terms of the sacrifice the customer has to make in order to obtain said product or service, the customer might indicate an intention of repeating the purchase behaviour. However, if customers do not feel that their sacrifice warranted the specific product or service (price was unfair), then they might decide not to purchase it again, even though they might have been very satisfied with the product or service (Martin-Consuegra et al, 2007). Customers might perceive price as an external measure of quality. According to Martin-Consuegra et al (2007) price fairness is related to the principle of dual entitlement. In terms of this principle, customers believe they are entitled to a certain price while the company is entitled to a certain profit. As a result customers would perceive (*ceteris paribus*) the price of a product or service to be fair if the cost to the company correspondingly increased. However, if customers perceive the price increase only for the purpose of increasing the company's profit, the principle holds that customers would perceive prices to be less fair for the reason that they carry the majority of the financial burden. Due to the dual entitlement principle, customers of a FCB/IOF might become dissatisfied when the business exhibits a high share price, due to the profitability of the organisation. The customers/shareholders might feel that this profitability was obtained at their expense. Therefore, any price increase and also an increase in the share price might lead to customer dissatisfaction among the customers of a FCB/IOF.

A decisive determinant of customer satisfaction is whether the customer perceives the performance of the product to be adequate during consumption; in other words, to be of quality. In general, the better the performance of a particular product during consumption, the more satisfied a customer would be and vice versa (Blackwell et al, 2006). A study done by Anderson and Sullivan (1993) confirmed that those firms that provide a consistently high quality product should have highly satisfied customers and that those customers would be more likely retained within the company. The familiarity and the ease of use of the product, also has a positive impact on customer satisfaction.

Service quality is a critical concern in reaching organisational objectives. One of the traditional measures of establishing customer satisfaction is to make use of a measure that assesses service quality exclusively, although in detail (Miller and Brooks, 2010). If service quality is low, customer satisfaction will also be low. Service quality can be classified as two distinct elements of the service encounter; namely, technical service quality and functional service quality. Technical service quality is regarded as the basis on which service quality is built and can informally be defined as "what you get" or the outcome of the service encounter. Examples include promptness, accuracy and individualised solutions. Functional service quality is "how you get it" or the interpersonal relational aspects of the service encounter and include friendliness, trustworthiness, courtesy and display of emotions (Söderlund and Rosengren, 2010).

The majority of customer satisfaction research focus on using a detailed method of measuring service quality, and it concentrates exclusively on determining the gap between the service quality the customer expects to get and the performance the customer perceives to get from the business (Chen et al, 2007). However, this method tests the different aspects of service only and not any other specific factors, such as the price of the product or the quality of the

product and personnel. Therefore, for some time it has been described as being an incomplete measure of the entire service experience. One of the main problems mentioned is that the product concept is excluded (Miller and Brooks, 2010) and as discussed in the section above, perceptions with regard to price and personnel should also be measured in order to get more information on the drivers of customer satisfaction.

There are three dimensions of service quality; namely, tangibility, employee-customer interaction and empathy. Of these three, employee-customer interaction plays an indispensable role in the foundation of customer satisfaction. All three dimensions have a considerable impact on trust, which ultimately leads to customer loyalty (Yieh et al, 2007). Employee satisfaction is significantly related to customer satisfaction, specifically if the employee is provided with a manageable workload, lower stress and opportunities for training and development. If the employee is happy and performs to the best of his/her abilities, then the probability that customers would be satisfied is very high (Brown and Lam, 2008). According to Aksoy, Cooil, Groening, Keiningham & Yalçin, (2008) a happy and content employee may provide a high quality service to the customer, leading to increased customer satisfaction, which may result in repurchase intentions, loyalty and ultimately increased future cash flows.

It has also been determined that when customers cannot inspect a product themselves and are not able to establish the quality of a product, then quality claims made by the company are worthless, as customers would rather fall back on their relationship with the service-provider. It is essential that there must be a solid and loyal relationship built on trust between the customer and the service-provider in order for the customer to make a purchase decision (Yieh et al, 2007).

This article aims to include all the main drivers of customer satisfaction in order to more holistically test customer satisfaction within an agribusiness. This approach is necessary, because agribusinesses provide both products and services to customers and therefore, only using service quality as a measure of customer satisfaction, would be lacking. Not only service will be measured, but also price, product, and personnel as components of customer satisfaction. Since management plays a crucial role in the nature and quality of all these components, the author of this article argues that management as a driver of customer satisfaction should be included when measuring agribusinesses.

## **Management as a Driver of Customer Satisfaction**

After the deregulation of the financial sector in the 1990s, most major co-operatives converted to IOFs/FCBs, which changed the customer/member to a customer/shareholder. Also, due to the fact that these conversions occurred fairly recently, the majority of customers are still part of the converted agribusiness. Although government intervention in the agricultural industry has relaxed, the main role players in the agribusinesses remain in place (Van Zyl et al, 2001). As was pointed out earlier, as a result of the different roles the farmers of an agribusiness and specifically a FCB are wearing (those of customer and shareholder); the customer will have a definite, undeniable perception of the management of the agribusiness. Customers' perception of management should therefore not merely be considered another driver to be included, but as argued below, be measured as an indispensable driver of customer satisfaction within this business context.

According to Ortmann and King (2007), FCBs experience greater principle-agent problems than proprietary firms due to "the lack of capital market discipline, a clear profit motive, and the transitive nature of ownership". The shareholders of a FCB might have a complicated relationship with the management of the FCB, as a high share price would indicate high profit margins made at the expense of the customers (from the viewpoint of the customer/shareholder). The unique nature of FCBs, thus, lends itself to a more complex agency relationship than that of a traditional investor-oriented firm (IOF).

Because of the complexity of the principal-agent relationship trust plays a major part, as explained in agency theory (Singh and Sirdeshmukh, 2000). As transactions with the business increase, either customer satisfaction or dissatisfaction (overall satisfaction) is imbedded in the consciousness of the customer and then “abstracted into cognitions of relational trust”, or in the case of dissatisfaction, relational distrust. It follows that the customers’ perceived satisfaction or dissatisfaction with the performance of management can be a major driver of customer satisfaction and should, therefore, be measured — especially in FCBs.

## Methodology

The research approach in this study is of a quantitative nature, making use of questionnaires to collect the data. A 9-point Likert scale was used by the respondents to indicate their perceived level of satisfaction attached to the various drivers of customer satisfaction, for the business, as well as for each individual business unit. The 9 points were divided into three main levels, namely poor (1–3), average (4–6) and good (7–9). The questionnaire was simplified in order to obtain streamlined information with regard to each driver of customer satisfaction and drivers inherent in each business unit.

The target population comprised all active customers of a major FCB (converted from a co-operative) in Central South Africa that provide US\$ 12,000 or more volume of business to the agribusiness. The farmers in this FCB control approximately 90% of the company and, receive a percentage discount calculated on the profit made by their transactions every year. This discount is paid out in two parts, namely a small percentage in cash and the majority in preference shares. Shares are not freely tradeable and the shareholders can only be bona fide agricultural producers. The company is governed by a board of directors that mainly consists of non-executive directors that were chosen by the shareholders.

In order to make provision for non-response, it was decided to use the whole population that met these geographical and turnover criteria. When populations are relatively small and easily accessible, accuracy will be increased by using a census rather than sampling (Cooper and Schindler, 2006). A total of 963 questionnaires were sent out.

Questionnaires were mailed to the respondents with an enclosed envelope. The questionnaire was simplified in order to acquire a straight forward level of satisfaction from the respondents. All of the relevant drivers of customer satisfaction were included, for the entire company, as well as for each individual business unit. Reliability was tested through internal consistency, which provided a very high Cronbach Alpha of 0.982. Construct validity was tested and the results of the Kaiser-Meyer-Olken (KMO) and Bartlett’s test for item validity were used. The results indicate that the KMO is very high for each question (all above 0.788) and the results are all statistically significant – indicating a high level of validity.

Descriptive statistics, frequencies and percentages were used to analyse the demographic data (type of customer, the size of the contributions of the customer, number of years’ experience and the age of the customer). The other results were obtained by making use of correlation coefficients and linear regressions.

The method used to calculate the regression analysis is Stepwise Regression. The decision to use this specific method was due to the fact that stepwise regression is the “most popular procedure used to obtain the best prediction equation” (Myers and Well, 1995). This specific search procedure adds or deletes an X variable at every step, while developing the regression model and the procedure ends with the provision of a single regression model that suits the variables best (Kutner et al, 2005).

Pairwise deletion was used in an attempt to maximise the information available. This is known as the all-available approach. This method is mainly used to maximise the data that is utilised and also to overcome the problem of an entire dataset being deleted due to a single missing value (Hair et al, 2006). Pairwise deletion can be defined as using:

all available information in the sense that all participants who answered a pair of variables are used to estimate the covariance between those variables regardless of whether they answered other variables.

The major advantage of this approach over the default approach is that all observed information is included (Acock, 2005).

## Results

The total response was 345 customers (farms) out of a total of 963 questionnaires sent out, making the response rate 35.8%. The results consist of a demographic description of the respondents, as well an empirical evaluation focusing on assessing the importance of management as a driver of customer satisfaction, determining which drivers have a significant influence on overall customer satisfaction, as well as which drivers inherent in the various business units significantly impact on overall customer satisfaction.

### Demographic profile of the respondents

The respondents were asked to indicate the farming activity they are mainly involved in, the total years' of farming experience they have, and their age. The majority of the respondents were mainly grain farmers (45.0%), while a lesser percentage (31.0%) were mainly livestock farmers and the remaining 24.0% an even split between grain and livestock. Respondents were asked to indicate the number of years that they have been farming to give an indication of their experience. Several respondents (21.2%) had more than 41 years' experience, while a minority of 2.6% had less than 5 years' experience. The average level of experience is 29.4 years. It could therefore be assumed that the respondents have adequate knowledge with regard to agribusinesses and indicates that the majority of the respondents were members of the co-operative before the conversion. The average age of the respondents was established to be 53.6 years. Less than 2% of the respondents were 30 years and younger. This could be an indication that younger people might be avoiding farming as a career choice or that the younger customers are not yet large enough to have met the turnover criterion set for participation in this study.

The respondents were also classified according to the size of their contributions to the FCB. The three categories were small customers who contributed between \$12,000 and \$30,000, medium customers between \$30,000 and \$79,000) and large customers more than \$79,000). The three groups were roughly equally distributed with small customers being the largest group (38.8%), while 33.3% were medium customers and 27.8% small customers.

### Empirical results

Table 1 provides information with regard to the correlation between each of the drivers of customer satisfaction and the satisfaction of customers with the performance of the company as a whole. Satisfaction with management is included in the analysis.

**Table 1: Correlation between the satisfaction with drivers and customer satisfaction with the company as a whole**

Satisfaction with each driver	Influence on satisfaction with overall company			
	Sig	R	R <sup>2</sup>	Rank
Price	0.000	0.374	14%	5
Product	0.000	0.529	28%	1
Personnel	0.000	0.458	21%	3
Service	0.000	0.447	20%	4
Management	0.000	0.469	22%	2

The results indicated that all of the overall drivers of customer satisfaction have a positive, statistically significant relationship with the satisfaction with the overall company, when these variables were tested individually. This is to be expected, for as the satisfaction with a specific driver increases, the customers' satisfaction with the performance of the overall company will also increase, as was specified in the literature review. The coefficient of determination indicates the strength of the relationship between the two variables, or rather the percentage of variance in one variable (for instance the satisfaction of customers with the performance of the overall company) that is accounted for the variance in another variable (for instance any one of the overall drivers of customer satisfaction). In other words, a change in the perception of price will account for a 14% change in the overall satisfaction with the company performance. Or it can be said that if satisfaction with the overall company changed, 14% of this change can be explained by a change in satisfaction with price. The results indicate that a change in the satisfaction with product will account for 28% of the change in satisfaction with the overall company. Management seems to be the second most influential variable, with personnel and service close behind. Price is the variable that accounts for the least amount of change in the satisfaction with the overall company.

When these five variables are tested together to determine the relationship with satisfaction with the overall agribusiness, the results are as follows (due to stepwise regression analysis, only the variables with statistical significant values are shown):

**Table 2: Linear regression between satisfaction with the overall FCB and drivers of customer satisfaction**

Satisfaction with overall company	Beta Coefficients	Sig
Product	0.449	0.000
Service	0.142	0.024
Management	0.240	0.000

Of all the drivers of customer satisfaction (price, product, personnel, service and management) tested, the only three that have a statistically significant relationship with customers' satisfaction with the performance of the overall company are product, service and management. The variable with the greatest influence on the overall satisfaction with the company is product. In second place, management and thirdly service also show some influence regarding the overall satisfaction of customers. The results indicate that management is a definite driver of customer satisfaction of a FCB, due to the unique situation of customers/shareholders of a FCB.

With regard to establishing whether there are specific drivers of customer satisfaction inherent in the various business units that might significantly influence customer satisfaction of the overall company, the analyses starts off by indicating in Table 3 which drivers within the various business units would correlate with the drivers of the overall company (price, product, personnel and service). This is achieved by presenting the Pearson correlation of the drivers of customer satisfaction, and the coefficient of determination ( $R^2$ ). It is important to note that 'product' of grain storage, grain marketing and mechanisation (workshops) could not be measured due to the fact that these business units do not have physical products on offer, but rather services. These three business units' drivers of customer satisfaction consisted of only price, personnel and service. Also, testing management of the overall company would not be applicable in the case of these analyses, as each business unit has its own management team that differs from that of top management.

All the correlations between the variables (drivers of customer satisfaction inherent in each business unit) and the drivers of the entire company were found to be positive and significant. This indicates that if the performance of the drivers of customer satisfaction in the various business units increases, it would lead to an increase in the satisfaction with the drivers of overall customer satisfaction. The Pearson correlation coefficient is significant for each variable with a p value of less than 0.05.

**Table 3: Correlation between the drivers of customer satisfaction with the drivers inherent in each business unit**

Drivers within the business units	Price		Product		Personnel		Service	
	Sig	R <sup>2</sup>	Sig	R <sup>2</sup>	Sig	R <sup>2</sup>	Sig	R <sup>2</sup>
Retail shops drivers	0.00	75%	0.00	62%	0.00	56%	0.00	35%
Grain storage drivers	0.00	32%	-	-	0.00	11%	0.00	19%
Grain marketing drivers	0.00	17%	-	-	0.00	7%	0.00	8%
Financing drivers	0.00	18%	0.00	17%	0.00	19%	0.00	11%
Mechanisation (workshops) drivers	0.00	38%	-	-	0.00	18%	0.00	18%
Mechanisation (spare parts) drivers	0.00	54%	0.00	44%	0.00	25%	0.00	31%
Mechanisation (whole goods) drivers	0.00	38%	0.00	36%	0.00	22%	0.00	25%
Insurance drivers	0.00	26%	0.00	33%	0.00	17%	0.00	22%

Table 4 shows the results of the linear regressions of each driver of customer satisfaction of the FCB as a whole with the corresponding drivers of all the business units.

The Beta value indicates which of the independent variables (for instance satisfaction of price of retail shops) exerts the greatest influence on the dependent variable (for instance satisfaction of price of the FCB as a whole). Due to stepwise regression analysis, only the variables with statistically significant relationships between the dependent and independent variables and therefore that the independent variables, as well as the Beta value, can be used to predict the dependent variable.

**Table 4: Linear regression between drivers of overall customer satisfaction and the drivers of the various business units**

Drivers	Beta Coefficients	t	Sig.
<b>Price</b>			
Retail shops	0.649	6.805	0.000
Mechanisation (spare parts)	0.219	2.293	0.025
<b>Product</b>			
Retail shops	0.437	5.259	0.000
Mechanisation (spare parts)	0.364	4.585	0.000
Insurance	0.209	2.949	0.004
<b>Personnel</b>			
Retail shops	0.635	7.525	0.000
<b>Service</b>			
Retail shops	0.310	2.940	0.005
Grain storage	0.230	2.683	0.009
Mechanisation (spare parts)	0.285	2.246	0.028

The results in Table 4 indicate that the drivers of customer satisfaction (price, product, personnel and service) of retail shops all have a significant relationship with all of the drivers of overall customer satisfaction.

The following table offers data that provides information with regard to the relationship between the customers' satisfaction with the performance of the FCB as a whole and all of the drivers within all of the business units. This is done to provide a better picture of which drivers within which business units have the greatest influence on the satisfaction with the overall company.

**Table 5: Linear regression between overall satisfaction with the agribusiness and all the drivers of customer satisfaction within the various business units**

Overall satisfaction with company	Beta Coefficients	t	Sig
Retail shops (product)	0.284	2.643	0.010
Grain marketing (price)	0.225	2.153	0.035

These two drivers within retail shops and grain marketing have a direct positive statistically significant relationship with overall company performance when all the drivers within all the business units are tested together. This result thus illustrates that it is possible to identify specific drivers inherent in the business units that can significantly influence customer satisfaction of the entire company. These specific drivers could differ from FCB to FCB. It is, however, important to identify these drivers in order to understand what has a significant impact on customer satisfaction of a FCB.

## Discussion and Conclusion

This article focuses on whether for specific companies, such as FCBs, where the shareholders and the customers are the same people; satisfaction with management will play a role in determining customer satisfaction. By making use of a simplified method, it was possible to determine which of the drivers of customer satisfaction (as established by the literature) would exert the greatest influence on customer satisfaction with the entire company. Taking the data a little bit further, it was also possible to determine which drivers inherent in the various business units directly affect the company's customer satisfaction. The literature confirmed that the traditional method of measuring customer satisfaction by only using service quality, can in certain circumstances be an unsuitable means of establishing customer satisfaction; therefore, the research endeavoured to use an alternative method, by testing various drivers of customer satisfaction against the overall level of customer satisfaction.

Apart from service satisfaction, there are various other factors (drivers of customer satisfaction), such as satisfaction with price, product and personnel. Due to the uniqueness of the agricultural industry where the customers of a FCB also tend to be the shareholders of the business, the agency relationship has a noteworthy influence on how the farmers perceive the business. Therefore, it is necessary to include satisfaction with management as a possible driver of overall customer satisfaction. When these five drivers of customer satisfaction were tested against the overall satisfaction with the business, it was found that all correlated positively and significantly, but that three, namely product, service and management have a direct influence on the satisfaction with the overall company. Management should thus be included as a driver of customer satisfaction in companies where the customers are also the shareholders. To determine whether it is possible to identify drivers within the various business units that could influence customer satisfaction with the entire company, it was found that retail shops product and grain marketing price have the greatest impact on the customer satisfaction with the overall company. Even though this research was conducted in South Africa, it might be possible to apply the results to other agribusinesses where some of the stakeholders are simultaneously customers and shareholders.

## Possible Implications for FCBs

The implication of this research is that for unique multi-faceted industries such as agribusinesses, it is imperative that various drivers of customer satisfaction are measured and not just satisfaction with regard to service. The fact that the farmers are both customers and shareholders of the FCB complicates the matter. Agency theory plays such an important role in FCBs and therefore satisfaction towards management should be included in customer satisfaction measures for FCBs. A more simplified method in determining customer satisfaction

could be a great tool for management of an agribusiness. It provides streamlined information of where problems might lie and where attention should be paid, specifically in which business unit and facet thereof. Also, because the method is direct and to the point, customer satisfaction measurement can be done quickly and easily.

Because satisfaction towards management is a major driver of customer satisfaction, building relationships of trust should be a priority for any agribusiness. It is vital that management and the board of directors become more transparent in their management of agribusinesses. The customers need to know the most important actions and figures proposed and the reasons behind specific decisions. Farmer-centred goals (such as better prices, better products) should receive more attention in order to ensure customer satisfaction. There is, thus, a very thin line between keeping customers satisfied through farmer-centred goals, while still remaining competitive and thriving in the industry. The literature referred to the inherent conflict that exist in FCB and the results of this study emulate this. The farmers are still regarding the FCB as a co-operative because they want to have a voice in the running of the business. This makes management of this business form extremely challenging. Apart from trying to survive in a particularly competitive industry, management has to contend with catering for the farmers who might have an opposite agenda as that to the company itself.

It might be necessary to appoint a representative from each area as part of the board of directors. This might provide a better communication channel between the farmers and the organisation and specific information related to the area could be communicated directly via this channel. The organisation can then get closer to the grassroots level customers and be aware of possible problems and/or change in the perception of customers. This will also simplify the dissemination of information as each area will only receive information specifically related to their farming activities and not those of other areas (as different areas have different farming activities).

## The Author

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