

## **A Study on Motivational Factors and the Level of Satisfaction of Borrowers of Co-Operative Housing Societies in Erode District**

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### **Abstract**

Co-operative movement in our country shall not only stay but also grow in times to come. In spite of the drawbacks experienced in the working and administration of the co-operative societies, they have positively contributed to the growth and development of the national economy. Promotion of thrift, self-help and mutual aid are the fundamental principles of co-operation. The orientations of commercial organization and co-operative organizations are basically different. In a commercial organization, earning and maximizing the profits is the sole motive; whereas in a co-operative organization profit cannot be the sole motive. The prime objectives, in addition to the three fundamentals of co-operation mentioned above are to make available the goods and services in required quantity, of better quality and at a reasonable price to its members. It does not mean that a Co-operative Society is a charitable organization. It should, therefore, conduct itself in a businesslike manner in attaining its objectives efficiently.

**KEYWORDS:** Co-operative Society, Commercial organization and Charitable Organization.

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### **INTRODUCTION**

Housing is regarded as a basic human need along with food and clothing. Housing condition is an important indicator of the level of living of the people. It has been rightly observed in the National Sample Survey Report on Housing Conditions that housing conditions and related facilities determine the immediate environment of man. The development of physical and mental potentialities is in turn influenced by the environment he lives. Housing condition is, therefore, recognized as an important indicator of the level of living. Adequate housing contributes directly to the individual health and productivity which are essential for national economic growth. Investment in housing has a multiplier effect on the economy through the concurrent development of allied industries

### **STATEMENT OF THE PROBLEM**

It was the motto and policy of the Government to provide a house for each family in Tamil Nadu. The Co-operative Housing Societies play an important role in achieving the above object. In Tamil Nadu State, there were 834 Urban Co-operative Housing Societies and 196 Taluk Rural Co-operative Housing Societies and along with a state level Apex Body namely Tamil Nadu Co-operative Housing Federation Limited functioning to cater the Housing needs of the members in urban and rural areas. In Erode

district in 2015-16, there were 24 housing Co-operatives with a membership of Rs.4.3 lakhs and the working capital of Rs.27.23crores. As Housing Co-operatives have made appreciable progress in India, the study was designed to study the performance of Primary Co-operative Housing Societies in Erode District wherein eight Co-operative Housing Societies are functioning at the grass root level. In this juncture, it is imperative to examine the number of members in Co-operative Housing societies, mobilization and utilisation of resources, lending activities, problems faced by Co-operative Housing Societies and the satisfaction of the beneficiaries.

### **SCOPE FOR THE STUDY**

Now a days shelter is one of the common need for any individual. Therefore, there is a Significant scope to examine the need for housing loan, utilization level, financial performance of Co-operative Housing Societies, extent of overdue, problems faced by the Co-operative Housing Societies and its beneficiaries. To assess the performance level, eight sample societies are taken and compared. The study is made to analyse the extent of utilization level of members of sample Co-operative Housing Societies at Erode district. The study is confined only to the individuals who are the members of the Erode Co-operative Housing Society. The study is individual oriented and so the concept of utilization has been considered from the point of view of the members of sample Societies in Erode District and not from the point of view of the society.

### **OBJECTIVES OF THE STUDY**

- To study the profile of Co-operative Housing Societies in Erode District.
- To analyze the financial performance of Co-operative Housing Societies in Erode District.
- To examine the extent of over dues in Co-operative Housing Societies in Erode District.
- To analyze members perception about the services offered by Co-operative Housing Societies in Erode District.
- To examine the problems of sample Co-operative Housing Societies and its beneficiaries and to offer suggestions.

### **HYPOTHESIS OF THE STUDY**

1. There is no significant relation between the type of house and demographic profile of the respondents.
2. There is no significant association between demographic variables and motivational factors.
3. There is no significant association between the level of satisfaction and the services provided by the Co-operative Housing Societies.

### **RESEARCH METHODOLOGY**

The present study is an empirical one. Field survey method and personal interview technique have been adopted for the collection of the required data from the selected Co-operative Housing Societies and its members. The secondary data have been gathered from the institutions and primary data have been collected from the selected respondents by using schedules constructed for the purpose

## **SAMPLING PROCEDURE**

Random sampling technique has been adopted for the study. Erode Revenue District has been selected purposively because of its unique characteristics. Erode district has been one of the industrially, Co-operatively and educationally developed district of Tamil Nadu state. The other considerations like proximity, financial and time factors have also contributed to select the particular district for an in-depth study. In Erode Revenue District, 8 Co-operative Housing Societies have been selected out of 24 by using simple random sampling method. The sample societies are listed below:

- The Erode Co-operative Housing Society Ltd.
- Perundurai Taluk Co-operative Housing Society Ltd.,
- Gobichettipalayam Co-operative Housing Society Ltd.,
- Tamil Nadu Transport Employees Co-operative Building Society
- Erode Co-operative Building Society
- Southern Railway Employees Co-operative House Building Society Ltd.,
- Perundurai Teachers and Staff of Education Department., Co-operative Housing Society Ltd.,
- Bhavani Cooperative Building Society Ltd.,

The main focus of the study was on the financial performance of Cooperatives Housing Societies in the study area. However, it is felt that any study on the performance of the housing Societies would not be completed without studying the satisfaction of its members. Therefore, the members' perception about the services offered by the sample societies has been included as another dimension which would help to vouch the result of the study. Totally 376 members have been selected for study.

### **PILOT STUDY**

A pilot study was conducted among 40 respondents, which constituted 10 percent of the total sample. Based on the results of this study and personal observation, the requisite factors influencing the level of satisfaction of the respondents have been identified. Due to this, the scope of the present study has been widened. Accordingly, the schedules have been restructured and finalized to conduct the research.

### **FIELD WORK**

The officials of the institutions were contacted according to their convenient places and timings and required data have been gathered from the records and registers and also from their perceptions. The members were directly contacted and interviews are carried out in the convenient timings and places. After creating a good rapport by explaining the purpose of the study, a good response has been received from each and every member. Secondary data from the institutions and primary data from the selected respondents have been gathered without any complexity.

### **TOOLS USED**

### **CHI-SQUARE ANALYSIS**

The chi-square analysis has been used to test the significance of the influence of demographic characters over the opinions of the borrowers. The chi-square statistic is

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Here O: Observed frequency E: Expected frequency

### **AVERAGE SCORE ANALYSIS**

After converting the qualitative information into a quantitative one using a five point scale, the average scores were obtained on various issues to determine the mean scores regarding satisfaction regarding services. Parametric test of two sample t-Test and One way analysis of variance for more than two groups are applied to for judging the significance of the difference between means scores after testing the normality by Q-Q plot.

### **GARRETT RANKING**

Garrett ranking has been used to find out the most influential factor in motivating the borrowers to approach Cooperative Housing Societies for loan. As per this method, respondents have been asked to assign the rank for all factors and the outcomes of such ranking have been converted into score value with the help of the following formula:

$$\text{Percent position} = 100 (R_{ij} - 0.5) / N_j$$

Where  $R_{ij}$  = Rank given for the  $i$ th variable by  $j$ th respondents

$N_j$  = Number of variable ranked by  $j$ th respondents

With the help of Garrett's Table, the percent position estimated is converted into scores. Then for each factor, the scores of each individual are added and then total value of scores and mean values of score is calculated. The factors having highest mean value is considered to be the most important factor.

### **PERIOD OF STUDY**

The primary data required for the study have been collected from the respondents during the year 2015 – 2016 and the secondary data from 2006 – 2016.

### **PROFILE OF THE STUDY AREA**

In Erode District, there are 24 Housing Cooperatives effectively extending their services to the members. Among these cooperatives, Erode Cooperative Housing Society Limited was the age old society. It was registered on 24.03.1924. Next to this, Bhavani Cooperative Building Society and Gobi Cooperative Building Society were 65 years old cooperative institutions. Gobichettipalayam Cooperative Housing Society Limited was registered before 61 years. There were 7 societies come across with more than 50 years of registration. It was also observed that these societies have crossed above 40 years of age and the rest of the societies were below 40 years old. Olagadam Cooperative Housing Society was of recent origin than compared to other housing societies. This society has been rendering effective services to its members for the past 17 years in Olagadam.

### **MOTIVATIONAL FACTORS**

Table reveals the factors which prompted the borrowers to approach the Co-operative Housing Society.

**TABLE No.1.1  
MOTIVATIONAL FACTORS**

Factors		Factor prompted to approach the financial agency								Total	
		To create an asset		Desire to own a house		Income Tax purpose		Facility to repay in installments		N	%
		N	%	N	%	N	%	N	%		
Co-operative Housing Society	The Erode Co-operative Housing Society Ltd.	13	3.46	74	19.68	11	2.93	28	7.45	126	33.51
	Perundurai Taluk Co-operative Housing Society Ltd.,	9	2.39	59	15.69	19	5.05	20	5.32	107	28.46
	Gobichettipalayam Co-operative Housing Society Ltd.,	4	1.06	21	5.59	6	1.60	6	1.60	37	9.84
	Tamil Nadu Transport Employees Co-operative Building Society	5	1.33	19	5.05	2	0.53	11	2.93	37	9.84
	Erode Co-operative Building Society	2	0.53	15	3.99	3	0.80	5	1.33	25	6.65
	Southern Railway Employees Co-operative House Building Society	1	0.27	15	3.99	1	0.27	1	0.27	18	4.79
	Perundurai Teachers and Staff of Education Department., Co-operative society	2	0.53	10	2.66	1	0.27	4	1.06	17	4.52
	Bhavani Cooperative Building Society Ltd.,	1	0.27	4	1.06	1	0.27	3	0.80	9	2.39
<b>Total</b>		<b>37 (9.9)</b>		<b>217 (57.7)</b>		<b>44 (11.7)</b>		<b>78 (20.7)</b>		<b>376 (100)</b>	
Sex	Male	12	3.19	112	29.79	28	7.45	39	10.37	191	50.80
	Female	25	6.65	105	27.93	16	4.26	39	10.37	185	49.20
<b>Total</b>		37	9.84	217	57.72	44	11.71	78	20.74	376	100
Age	26-30	11	2.93	57	15.16	8	2.13	12	3.19	88	23.40
	31-35	9	2.39	48	12.77	7	1.86	25	6.65	89	23.67
	36-40	9	2.39	52	13.83	16	4.26	19	5.05	96	25.53
	41-45	6	1.60	37	9.84	5	1.33	6	1.60	54	14.36

	Above 45	2	0.53	23	6.12	8	2.13	16	4.26	49	13.03
<b>Total</b>		37	9.84	217	57.72	44	11.71	78	20.75	376	99.98
Community	BC	14	3.72	84	22.34	16	4.26	23	6.12	137	36.44
	MBC	10	2.66	81	21.54	16	4.26	33	8.78	140	37.23
	SC	6	1.60	36	9.57	7	1.86	14	3.72	63	16.76
	Others	7	1.86	16	4.26	5	1.33	8	2.13	36	9.57
<b>Total</b>		37	9.84	217	57.71	44	11.71	78	20.75	376	100
Education	No formal education	10	2.66	39	10.37	5	1.33	15	3.99	69	18.35
	Primary	10	2.66	55	14.63	8	2.13	18	4.79	91	24.20
	Secondary	10	2.66	55	14.63	8	2.13	25	6.65	98	26.06
	Higher Secondary	5	1.33	43	11.44	14	3.72	12	3.19	74	19.68
	Degree	2	0.53	25	6.65	9	2.39	8	2.13	44	11.70
<b>Total</b>		37	9.84	217	57.72	44	11.7	78	20.75	376	99.99
Marital Status	Married	32	8.51	209	55.59	44	11.70	73	19.41	358	95.21
	Widowed	5	1.33	8	2.13			5	1.33	18	4.79
<b>Total</b>		37	9.84	217	57.72	44	11.70	78	20.74	376	100
Type of family	Joint	18	4.79	101	26.86	23	6.12	35	9.31	177	47.07
	Nuclear	19	5.05	116	30.85	21	5.59	43	11.44	199	52.93
<b>Total</b>		37	9.84	217	57.71	44	11.71	78	20.75	376	100
Size of family	Up to 2	5	1.33	30	7.98	6	1.60	8	2.13	49	13.03
	3 - 4	12	3.19	69	18.35	16	4.26	26	6.91	123	32.71
	Above 4	20	5.32	118	31.38	22	5.85	44	11.70	204	54.26
<b>Total</b>		37	9.84	217	57.71	44	11.71	78	20.74	376	100
No. of earning members in the family	1	4	1.06	19	5.05	1	0.27	8	2.13	32	8.51
	2	1	0.27	14	3.72	3	0.80	6	1.60	24	6.38
	3	19	5.05	97	25.80	21	5.59	34	9.04	171	45.48
	4	13	3.46	87	23.14	19	5.05	30	7.98	149	39.63
<b>Total</b>		37	9.84	217	57.71	44	11.70	78	20.74	376	100.00

**Source: Computed by the researcher**      **Figures in parenthesis are percentages.**

It is evident from the Table that 57.7 percent of the respondents have approached the Co-operative Housing Societies with a desire to own a house while 20.7

percent due to the facility of installment repayment, 11.7 percent to avail income tax exemption and the rest with an interest to create an asset. Therefore, it is interesting to note that the purpose of the co-operative housing society has been achieved.

It is also clear from the Table that 29.79 percent of males and 27.93 percent of females have been motivated to approach the Co-operative Housing Societies with a desire to own a house. The presence of facility to repay the loan in installments induced 10.37 percent each of male and female to seek loan from Co-operative Housing Societies. Further, 26.6 percent of the borrowers who fall under the age group of 31-40 years approach the Co-operative Housing Societies with a desire to own a house.

Table 1.1 also reveals that 43.88 percent who borrow housing loan with a view to own a house belong to backward and most backward community 29.26 percent of the borrowers who desire to own a house have either primary level or secondary level education. Majority of the borrowers (55.59 percent) who wish to own a house are married. It is surprising to note that only families with more than 4 members (31.38 percent) have the desire to own a house. Families with three earning members (25.80 percent) and four earning members (23.14 percent) have the desire to own a house than other families.

In order to find the association between the profile of the borrowers and the motivational factors, Chi-Square test has been applied and the result is shown in Table 1.1a.

**TABLE No.1.1a**  
**RESULTS OF CHI SQUARE TEST**

Profile of the respondent	Chi square value	df	p	Sig.
Co-operative Housing Society	16.25	21	0.756	Not Significant
Sex	7.97	3	0.047	Significant
Age	20.76	12	0.054	Not Significant
Community	7.70	9	0.565	Not Significant
Education	14.88	12	0.248	Not Significant
Marital Status	9.42	3	0.024	Significant
Type of family	0.69	3	0.875	Not Significant
Size of family	1.04	6	0.984	Not Significant
No. of earning members in the family	4.33	9	0.888	Not Significant

Since the P value is less than 0.05 for sex and marital status, it is concluded that there is an association between sex, marital status and motivational factors.

#### **Age wise Satisfaction regarding Services**

The relation between age and level of satisfaction regarding services rendered by the Co-operative Housing Societies is shown in Table 1.2.



**TABLE No.1.2**  
**AGE WISE SATISFACTION REGARDING SERVICES**

age	F	Range		Mean	SD	Mean %	ANOVA	p
		Min	Max					
26-30	88	70	100	81.70 <sup>a,b</sup>	5.86	71.05	2.322	0.056
31-35	89	66	94	80.24 <sup>a,b</sup>	6.18	69.77		
36-40	96	63	92	81.16 <sup>a,b</sup>	5.40	70.57		
41-45	54	69	96	82.54 <sup>b</sup>	5.88	71.77		
Above 45	49	71	90	79.80 <sup>a</sup>	4.03	69.39		
<b>Total</b>	376	63	100	81.09	5.66	70.51		

**Source: Computed by the researcher**

As it is clear from the Table the level of satisfaction ranges from 70 to 100 for respondents in the age group of 26-30 years, 69 to 96 for 41-45 years old respondents, 71 to 90 for those who are older than 45 years, 66 to 94 for 31-35 years old and 63 to 92 for those who fall in the age group of 36 to 40 years. The level of satisfaction regarding the services provided by the Co-operative Housing Societies is maximum for the respondents in the age group of 41-45 years. Further, since the p value is greater than 0.05 at 5 percent level, there is no significant association between the age and services rendered by Co-operative Housing Societies.

### **FINDINGS**

- the respondents have approached the Co-operative Housing Societies with a desire to own a house while 20.7 percent due to the facility of installment repayment, 11.7 percent to avail income tax exemption and the rest with an interest to create an asset. Therefore, it is interesting to note that the purpose of the co-operative housing society has been achieved.
- It is also clear from the Table that 29.79 percent of males and 27.93 percent of females have been motivated to approach the Co-operative Housing Societies with a desire to own a house. The presence of facility to repay the loan in installments induced 10.37 percent each of male and female to seek loan from Co-operative Housing Societies. Further, 26.6 percent of the borrowers who fall under the age group of 31-40 years approach the Co-operative Housing Societies with a desire to own a house.
- The level of satisfaction ranges from 70 to 100 for respondents in the age group of 26-30 years, 69 to 96 for 41-45 years old respondents, 71 to 90 for those who are older than 45 years, 66 to 94 for 31-35 years old and 63 to 92 for those who fall in the age group of 36 to 40 years. The level of satisfaction regarding the services provided by the Co-operative Housing Societies is maximum for the respondents in the age group of 41-45 years.



### **SUGGESTIONS**

- The loan amount sanctioned for the members are from Rs.5 lakhs to Rs.10 lakhs. The amount so discharged is not sufficient for their construction. The period of the loan can be from 10 to 20 years.
- The members must be motivated relating to the importance of deposits of the society so as to increase its funds.
- The society must take effective steps in issue of dividend to the members. Only when there are promptness in the issue of dividend the members they themselves will motivate all the other members for promptness. The percentage of the dividend of the members should be increased.
- The societies will know the settlement stage of the loan by the borrowers. Hence, they must take active steps to release the original document to the loan holders.

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