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## Satisfaction of apple orchardists with the services of commission agents: A study of Theog tehsil of Distt. Shimla

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#### Abstract

Orchardists satisfaction with services provided by commission agents was studied. The study was based on the American Customer Satisfaction Index (ACSI) and analysed primary data collected from 100 orchardists from Theog Tehsil. Overall the orchardists appear satisfied but not delighted by the services of the commission agents. The orchardists are more satisfied with timely selling of produce, price being as per the prevailing market conditions and advance payment in case of emergency. Though the orchardists appeared satisfied with the expectations related to peripheral services like assistance in providing market information, responsiveness in providing transportation facility on the demand of the farmers and deduction of less commission charges, but it is these peripheral services that present scope for improvement on part of the commission agents. The study recommended that the commission agents maintain high level of transparency with regard to the prices of produce sold, timely selling and payments.

**Keywords:** Orchardists satisfaction, commission agents, services

#### 1. Introduction

Himachal Pradesh is the primarily horticulture state and is called fruit bowl of India. Himachal Pradesh is well known for production of apples. Cultivation of apples in the state is mainly confined to districts of Shimla, Kullu, Kinnaur, Mandi, Chamba and Lahul and Spiti. Himachal has over 1.7 lakh farmer families who depend on apple crop. Apple covers 1, 09, 533 hectares or 49% of the area under fruit cultivation in Himachal Pradesh. (PTI, 2018) [4].

Commission agents are specialized in the art of selling agricultural produce. They sell the produce on the behalf of the orchardists or pre-harvest contractor. Commission agents normally take over the physical handling of produce, arrange for its sale, collect the price from the buyer, deducts expenses incurred and commission to remit the balance to the seller. It is important to study the satisfaction of orchardists with the services of commission agents to gauge how well the commission agent will be able to face competition from corporate houses. Of late corporate houses have entered the business of apple trading by procuring apple directly from the orchardist and selling these in organized retails outlets. Some of these corporate houses have branded the apples that they offer to their retail clientele.

This development acts as a new source of competition to the commission agents in addition to the inter-se competition that existed among commission agents themselves and the competition that they faced from other channels of marketing that farmers could use like Apna Bazar, cooperative marketing, eNAAM, Big Basket etc.. Commission agents have been much reviled in agricultural marketing circles and they face threat due to the direct procurement efforts by corporate houses from orchardists.

Angelova, B. and Zekiri, J., (2011) [2] had conducted a comparative analysis of the organizational forms (Marketing cooperative vs. commission agent) for fresh fruit & vegetable (FFV) marketing in Turkey, under similar circumstances as prevailing in India. Turkey like India finds commission agents to be the most prevalent intermediaries in agricultural marketing as the marketing cooperatives have yet to make an impact due to uneconomical marketable surpluses, remain costly to organize and don't incentivise up gradation on part of the farmers. The study is qualitative is focused on ostensibly rational factors and does not consider the experience of the farmers with the two channels.

Pokhrel, D.M. and Thapa, G.B., 2007 [3] examined the proposition 'are marketing intermediaries are exploiting farmers in Nepal'. The study found that the farmers were receiving a reasonable part of the revenue arising from the marketing of mandarin.

However, the marketing intermediaries take undue advantage of the farmers inadequate negotiating ability and low economic status, to harass and cheat them in myriad ways. The authors recommended fostering of cooperative marketing bodies i.e. group marketing bodies to bolster the bargaining power of the farmers vis-à-vis the middlemen.

Abebe, G.K., Bijman, J. and Royer, A., 2016<sup>[1]</sup> examined the reasons influencing the farmers' choice to market produce using intermediaries and the consequence of such a decision on farmers revenue and commercialization in Ethiopia. They observed that several socioeconomic factors – like age, education, farm size, wealth and location – and social networks– notably ethnic and religious ties – act as factors determining the choice of intermediary, which points to emotional reasons and farmers satisfaction/ dissatisfaction with intermediaries engender emotional reaction among farmers. An interesting finding was that the farmers continued to prefer middlemen (commission agents) despite the higher returns they obtained from dealing directly with corporate buyers, which may be explained by commission agents services of aggregating small farmers produce and social ties of the middleman (agent) with the farmer. It seems that commission agents in Ethiopia are able withstand nouveau competition of the organised sector, through more relevant services and closer social ties, i.e. by satisfying the farmers better.

Xhoxhi, O., Pedersen, S.M. and Lind, K.M., (2018)<sup>[6]</sup> examined the use of power in farmer vs. marketing intermediary relationship. The study assumed higher power being with the marketing intermediary. Exercise of this power over Farmers margins effected the relation between the farmer and the intermediary adversely, whereas the effect on the relationship was salubrious when the power was used in the context of on-farm operations or marketing of farm produce. This implied that using 'power with' farmers would be more bountiful for the intermediaries.

Literature reviewed seems to suggest that the commission agents are holding strong in face of competition from the newer, more organized competition from the corporate sector. This is despite ostensible shortcomings in the services of the commission agent. The review thus leads us to the need for studying the satisfaction of the farmers with the services of the commission agents.

### 1.1 Objectives of the study

Given the gap in literature the overarching objective of the study was to know the extent to which apple orchardists were satisfied with the services of commission agents. The specific objective therefore were:

1. To identify the expectations of the farmers from commission agents.
2. To compare the performance of commission agents with the expectations of farmers to measure satisfaction of the orchardists with the services of commission agents.

## 2. Methodology

To identify the expectations of the Orchardists semi-structured interviews were conducted with 5 farmer family heads. The four opening questions and follow up questions were designed to elicit the expectations farmers have from the commission agents.

To measure the performance of the commission agents and study the satisfaction of the orchardists, orchardists were selected from the Matiana and Rouni panchayats of Theog Tehsil, District Shimla, as these panchayats are well known

for apple cultivation. A total of 100 Orchardists family heads were approached from these two panchayats to be the respondents of this study. A structured interview schedule was the main instrument of data collection. Expectations of the orchardists as identified by way of semi-structured interviews formed the basis of the structured interview schedule. Information were sought, on a 5 point likert type scale, on the importance attached scale to expectations like (a) gives prices as per the prevailing market condition, (b) gives prices as per the quality of produce, (c) advance payment in case emergency need of the farmers, (d) timely payment after the sale of produce, (e) deducts less commission charges, timely selling of produce etc.. Further the questionnaire sought information on the performance of commission agents against each of the expectations identified for the study, this was also done on a five point likert type scale. There were nine major questions in the questionnaire.

### 2.1 Data Analysis

The data collected by way of questionnaires from the orchardists was analysed to address the objectives of the study.

Three analytical procedures were applied. Cronbach Alpha was used to test the reliability of the data collected by way of the structured interview. The Cronbach Alpha for the questionnaire was 0.989 which indicates that the questionnaire was highly reliable and the Likert type scale can be treated as a ratio scale. Ratio of mean satisfaction score to mean importance score was used to study the performance of the commission Agents vis-à-vis each of the service expectations identified. Mean importance score for a expectation was also multiplied with the mean satisfaction score to arrive at a composite satisfaction score on the expectation.

Analysis of the data was predicated on the American Customer Satisfaction Index (ACSI) as discussed by Angelova, B. and Zekiri, J., (2011)<sup>[2]</sup>. Data were analyzed by first working out the mean importance and performance scores on each of the orchardist expectation as follows.

$$A = \frac{\sum_{i=1}^N n_i w_j}{N}$$

Where:

A = Is the Mean Score on Importance (I) or (P) Satisfaction

$n_i$  = Number of responses for  $i^{\text{th}}$  characteristics/given ranks.

$w_i$  = Weighted assigned to given parameter.

N = Total number of people

I = 1, 2, 3, 4, 5

### 2.2 Satisfaction score was calculated by formula

Satisfaction Score on a characteristics (SS)=  $I_i \times S_i$

$$\text{Total Satisfaction Score (TSS)} = \sum_{i=1}^N I_i S_i$$

Where

SS = Is the satisfaction score of the characteristics

TSS = Aggregate satisfaction score

$I_i$  = Importance Assigned to  $i^{\text{th}}$  characteristics

$S_i$  = Satisfaction Score of  $i^{\text{th}}$  characteristics.

N = Total number of characteristics

### 3. Results and Discussion

**Table 1:** Overall satisfaction of apple orchardists with the services of commission agents

Parameters	Importance score per person (I)	Satisfaction score per person (P)	S/I	Satisfaction Score (S.S)
Giving price as per the prevailing market conditions	4.88	3.67	0.75	17.90
Give price as per the quality of produce	4.73	3.59	0.75	16.98
Providing accommodation to the farmer	3.36	2.38	0.70	7.99
Providing other facilities (food, drinking water)	3.37	2.28	0.69	7.45
Timely market information	4.39	3.07	0.69	13.47
Assistances in providing information on customer expectation for the product	3.96	2.28	0.57	11.16
Advances payment in case of emergency need of farmer	4.68	3.32	0.70	15.53
Giving advice to the farmer regarding the timing of sale	4.21	3.04	0.72	12.79
Responsiveness in providing transport facility on the demand of the farmer	3.82	2.61	0.68	9.97
Good behaviour towards farmer	3.68	3.08	0.83	11.33
Timely payment after the sale of produce	4.72	3.52	0.74	16.61
Deduct less commission charges	4.37	3.04	0.69	13.28
Timely selling of produce	4.42	3.71	0.83	16.66
Total Satisfaction Score (TSS)				171.12

The results from table above reveals that farmers attach higher importance to service quality parameters like price received being as per the prevailing market conditions (4.88), price received being as per the quality of produce (4.73) and timely payment after the sale of the produce (4.72).

On the other hand farmers do not attach much importance to the parameter like providing other facility (3.27), providing accommodation to the farmers (3.36) and good behavior towards farmer (3.68). Attributing lower importance to these services may be because they are only concerned with core services that are the timely selling of their produce and getting price as per the market and quality of produce.

It is clear that farmer they are highly satisfied with the expectations like timely selling of produce (0.83), price being as per the prevailing market conditions (0.75) and advance payment in case of emergency needs of the farmers (0.74). Farmer appeared satisfied with the expectations related to assistance in providing information on the customer expectation for the product (0.57), responsiveness in providing transportation facility on the demand of the farmers (0.68) and deduction of less commission charges (0.69), but it is these services that present scope for improvement on part of the commission agents.

Table depicts that Total Satisfaction Score (TSS) is 171.12. The mid-point on the TSS scale came to be 169. In light of this it can be said that though orchardists are satisfied with the services of commission agents, they are not delighted. There is much that commission agents need to do to retain the patronage of the orchardists in the long run.

#### 4. Conclusion

Some of the salient findings of the study are given below Inability of providing accommodation, other facility (food, drinking water etc.) and transportation facility on the demand of farmer are the cause for dissatisfaction among orchardists. It is clear from the study that for most of the orchardist were more concerned with timely sale and price received instead of accommodation and other facilities. It is due to this reason that every event, right from budding stage to fruit harvest to marketing of produce, timing is important and farmers want to sell their produce in time in order to fetch a good market price.

#### 4.1 Recommendations made

Inability of commission agents in providing accommodation and other facility (food, drinking water) and transportation

facilities on the demand of farmer may become a cause for farmer dissatisfaction. So it is suggested that commission agent should provide basic services and transportation facility to the farmer when they need it.

Services like giving price as per the prevailing market condition, giving price as per the quality of produce, advance payment in case of emergency need, timely payment after the sale of produce, timely selling of produce are the key services for the majority of the farmers. So, it is suggested that commission agents should maintain the level of services on these parameters and even try to improve these services in order to attain higher satisfaction level among orchardists. Maintaining transparency on these critical expectations of the farmer would be helpful in retaining the trust and continued patronage of the orchardists.

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