

URGENTLY REQUIRED FOR ENTREPRENEURS, LEADERS, AND MANAGERS TO APPLY RELATIONSHIP MARKETING TO THEIR CO-OPERATIVE ENTERPRISES

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ABSTRACT

This paper aims to describe the Relationship Marketing (RM) for co-operative enterprise (co-operative). This paper uses descriptive analysis method. Descriptive analysis is conducted in the form of literature studies on various sources such as: international journals, national journals, international seminar proceedings, national seminar proceedings, unpublished research results or papers, textbooks, training modules or professional guides, professional experiences, government regulations and legislations. The results of this paper are described the benefits, key actors, dimensions, and impacts of RM on co-operative. Research implication are that entrepreneurs, leaders and managers must implement RM to their co-operatives effectively so that their co-operatives can be stable and well develop.

Keywords: Entrepreneurs, Leaders, Managers, Relationship Marketing, Co-operative Enterprise.

INTRODUCTION

One of the many important objects in a business research is a company or enterprise. The enterprise consists of various types and depends on what classification is used. If classified according to its legal entity, the enterprise is divided into 2 (two) types, namely legal enterprise and non-legal enterprise (Alma, 2008). According to him, legal enterprise consist of state-owned enterprises, limited liability enterprises, co-operatives and foundations, while non-legal entities consist of individual businesses, firms, and commanditarian alliances. The most commonly conducted research is on individual business, state-owned enterprise and limited liability enterprises, while one of the types of enterprises that is relatively rarely researched and rarely published in international scientific communication media is among them are co-operative enterprises (Padmakusumah, 2015). United Nations (2012) recognizes the important contribution of co-operatives enterprises or co-operative to socio-economic development, poverty alleviation, job creation and social integration in the world and therefore as an award they declared 2012 as the international year of co-operative. This award confirms that co-operative are an interesting and important object to be examined by various researchers from all over the world.

The purpose of the existence of a co-operative is not just profit oriented but social or service oriented (Interational Co-operative Alliance, 2018). The co-operative also has a unique business concept and is not owned by other types of enterprises and it is reflected in its "*co-operative values*" and "*co-operative principles*". Co-operative values are in the form of self-help, self-responsiveness, democracy, equality, equality, solidarity, honesty, openness, social

responsiveness and caring others, while co-operative principles consist of voluntary-open membership, democratic member control, member economic participation, autonomy and independence, education-training-information, cooperation among co-operatives, and concern to community (International Co-operative Alliance, 2018). From the co-operative values and principles it can be seen clearly that it is very important for co-operatives to foster a close and mutually beneficial relationship between co-operatives and their member. This close relationship is actually a "*double identity*" consequence of members of co-operatives namely as customer and owner of their co-operatives (Ropke, 2003). Fostering close and mutually beneficial relationship with customers in co-operative similar to the latest and famous marketing concept, namely relationship marketing or commonly abbreviated as RM (Gummesson, 1998; Rasid, 2003).

RM is an important concept in today's marketing (Kotler & Keler, 2016). Dant and Lapupuka (2008); Burn et al. (2010) agree that the discussion about RM has increased rapidly since the beginning of the 20th century. Theoretically and empirically, RM has been studied by various parties (Berry, 1983; Ulaga & Eggert, 2006; Kucukkancabas et al., 2007; Wongsansukcharoen et al., 2013), However RM research is rarely done on co-operative enterprise type. The earlier research has also adequately indicated that the RM activity has a strategic impact on improving co-operative marketing and business performance (Hernández-Espallardo et al., 2013; Wulandari, 2015). Padmakusumah (2015) explained that RM research has been done on various privat companies such self-owned company, partnership, and corporation but does not explain the existence of the RM research on co-operative company. The last research on RM on co-operative is done by Wulandari (2015). "*Co-operative values*" and "*co-operative principles*" have the same concept as RM's basic concept which is a marketing concept that focuses on how to foster good, personal, and long-term relationships with various parties, especially customers (Berry, 1983; Evan & Laskin, 1994; Ravald & Gronroos, 1996; Gummesson, 1998; McNally & Griffin, 2007; Zhang et al., 2014). Parvatiyar and Sheth (2000) explained RM is not just building a good relationship with customers but it is "*the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end-use customers to create or enhance mutual economic value at reduced cost*".

The similarity between the values and principles of co-operatives with the concept of RM, the importance of co-operative existence for the world, the lack of research on co-operative enterprise, and the importance of applying RM to co-operatives, therefore this paper was made. The purpose of this paper is to discuss about the benefits, key stakeholders, dimensions (activities or programs), impacts (model) of RM on co-operative, especially in the context of the Republic Indonesia country.

METHOD

This paper uses descriptive analysis method. Descriptive analysis is conducted in the form of literature studies on various sources such as: international journals, national journals, international seminar proceedings, national seminar proceedings, unpublished research results or papers, textbooks, training modules or professional guides, professional experience, government regulations and legislations.

LITERATURE REVIEW

The Relationship Marketing Benefits for Co-operative

In theory, RM has various benefits if applied by the company. The most fundamental benefit of RM is improving good relationships between companies and customers (Berry, 1983). Evan and Laskin (1994) explain that with RM, the level of customer satisfaction will be high and customer loyalty will increase. Ndubisi (2003) mentioned that RM will increase customer retention. Emmelhainz and Kavan (1999) explain that RM will lead to repeat purchases and increased profits. Sharma et al. (1999); Rasid (2003) then added that in addition to increasing profits then RM will also increase sales and lower sales costs. Another strategic benefit of RM's application to a firm is its competitive advantage for the company (Rasid, 2003). The RM benefits will also apply to co-operatives. The Research results by Wulandari (2015) on a co-operative in Indonesia showed that RM will lead to increased customer (member) loyalty and also the performance of co-operatives.

Relationship Marketing and the Co-operative Stakeholders

Stakeholders in the company if referring to Wheelen and Hunger (2012); Wheelen and Hunger (2012) are those who fall into the category of task environments: governments, local communities, suppliers, competitors, customers, creditors, employees (unions), related groups, trade associations, shareholders, complementary or partners, international regulators, and other stakeholders. The task environment according to Wheelen and Hunger (2012) is referred to as "*an element or group that directly affects the company and vice versa is an element or group that will be directly affected by the company*". According to Hanafi (2004) the task environment is divided into two classifications: internal task environment and external task environment. The internal task environment is the task environment that falls within the corporate organizational structure and the external task environment is the task environment is not included in the organizational structure of the company.

Referring to the literature on co-operatives (Tim LAPENKOP Nasional, 2006; Padmakusumah, 2015), government regulations on co-operatives (Soeharto, 1992), and elements of task environments (Hanafi, 2004; Wheelen & Hunger, 2012) can be identified by the existing stakeholders in the co-operative: government (ministry, province, city, and district level), local communities (depending on the co-operative type or business and member characteristics), suppliers (depending on the co-operative type and business), competitors (depending on the co-operative type and business), customers (members), creditors (bank, non-bank finance, other co-operatives and members), leaders, employees (managers and employees), related groups (depending on the co-operative type and business and member characteristics), trade associations (depending on the co-operative type and business), shareholder or owners (member), complementary (secondary co-operative), international regulators (such as international co-operative alliance or ICA and etc.), supervisors (co-operative trustee), distributors, co-operative movement organizations (such a Indonesia Co-operative Council or Dewan Koperasi Indonesia or Dekopin and etc.) and other stakeholders.

From the identification of the co-operative stakeholders above, the main focus of RM co-operative activities are: members (as consumer and owner), leaders, managers, employees, and supervisors. RM on the co-operative has the main task of ensuring members not only to actively transact in the co-operative but also to actively fund. Leaders, managers, employees and

supervisors should be well prepared with general RM knowledge as well as special knowledge of RM activities undertaken by their co-operative. Such knowledge is important so that they can create a good emotional bond with members of the co-operative. RM on co-operatives is essentially how to internalize external stakeholders, especially consumers. The result of this internalization process is reflected in the form of co-operative membership. This internalization process is done personally, non-personally, systematically and structured through the RM activities. Figure 1 below will present more clearly the stakeholders of the co-operative and its relation with the co-operative's RM activity.

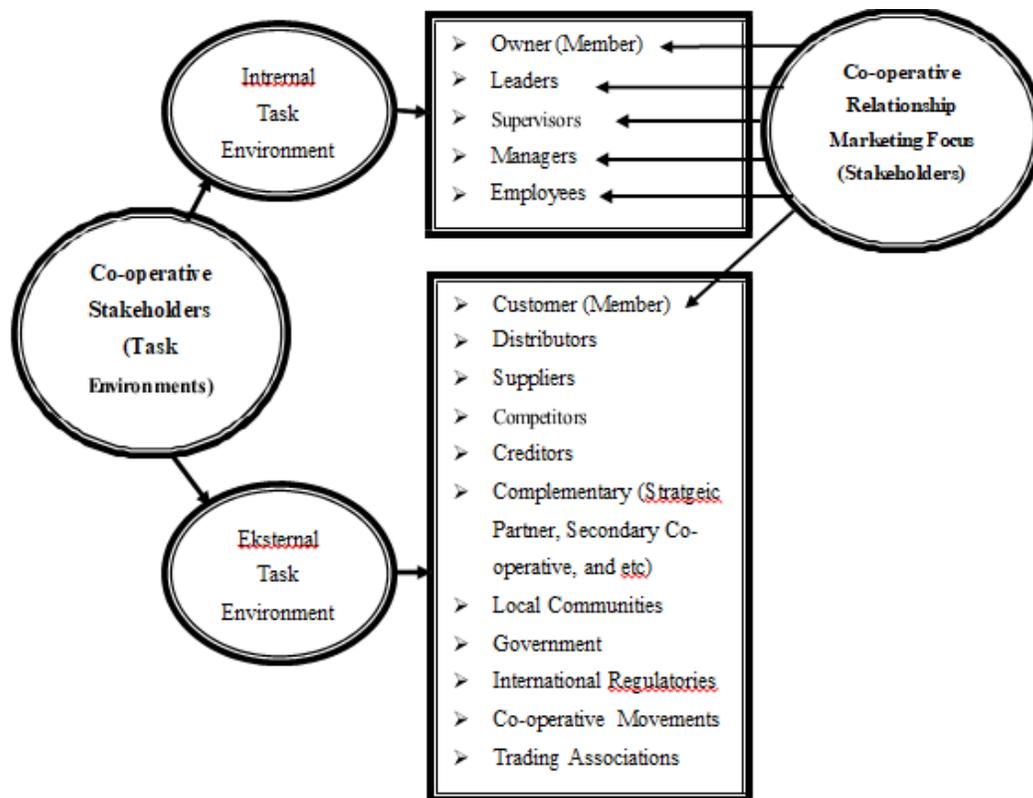


FIGURE 1
THE CO-OPERATIVE'S STAKEHOLDERS AND THE CO-OPERATIVE
RELATIONSHIP MARKETING FOCUS (KEY ACTORS)

Relationship Marketing Dimensions and Activities on Co-operative

The RM concept was popularized by Berry (1983). Berry explains there are 3 elements that can strengthen the relationship between the companies with customers, namely: financial bonding, social bonding, and structural bonding. According to Berry, if these bonding are continuously given by the company to the consumer then a good relationship between the company and the consumer will be maintained and the consumer will show the loyalty behavior and attitude. Based on the Berrys' concept and combined with the latest research, the RM dimension consists of: financial bonding, social bonding, structural bonding (Berry, 1983; Chou, 2009), trust, communication, shared value, empathy, reciprocity (Sin et al., 2002; Kucukkancabas et al., 2009; Wongsansukcharoen et al., 2013) and commitment (Hashem, 2011).

The description of each RM dimension is presented as follows:

Financial Bonding

A financial bond is a company that uses various variations or pricing techniques or financial incentives to attract or bind customers (Berry, 1983; Emmelhainz and Kavan, 1990; Gordon, 1998; Kucukkancabas et al., 2007; Chou, 2009; Wongsansukcharoen et al., 2013). The form of financial bonding on co-operatives is largely determined by the type of co-operative. Some of the financial bonding commonly used by co-operatives are: in the form of cheap selling price of co-operative products to members (Sukamdiyo & Dasuki, 1996; Hendar & Kusnadi, 1999; National LAPENKOP Team, 2006), low interest rates (Sukamdiyo & Dasuki, 1996), cheap product marketing costs of members (Sukamdiyo & Dasuki, 1996; Ariffin, 2013; Sukamdiyo & Dasuki, 1996), after-sales service in the form of warranty of delay, damage and loss (Sukamdiyo & Dasuki, 1996), interest-free or low interest loan (Ariffin & Rupke, 2000) Wheelen and Hunger (2012), free of charge administration (Ariffin, 2013), free shipping (Ariffin, 2013), granting large residual proceeds to members (National Lapenkop Team, 2006, p.1), and includes members' opportunity to become an investor to one or more co-operative business units (Subandi, 2013).

The financial bonding on co-operatives as mentioned above if simplified and classified under the four types of co-operatives in Indonesia, the results are as follows.

Type of Co-operative	Forms of Financial Bonding
Consumer Co-operative.	Low price.
	Credit payment system (interest free/low interest/free administration cost).
	Free delivery.
	Warranty (delay, damage, and loss).
	Assigned members to be investor in one or more co-operative business units.
Producer Co-operative.	Low prices (raw materials, equipment, machinery, vehicles and other production needs).
	Credit payment system (interest free/low interest/free administration cost).
	Free delivery.
	Warranty (delay, damage, and loss).
	Business development credit facility (interest free/low interest/free administration cost).
	Low cost for members to promote or sell their products.
	Assigned members to be investor in one or more co-operative business units.
Service Co-operative.	Low price.
	Credit payment system (interest free/low interest/free administration cost).
	Assigned members to be investor in one or more co-operative business units.
Credit (CreditUnion) Co-operative.	Non-interest credit.
	Low interest credit.
	Credit with free administration cost.
	Non collateral credit.
	Long term credit.

Source: The author's construct results, refer to the literatures discussed in the "*financial bonding*" section prior to Table 1 of this paper and also refer to the author's professional experiences as a lecturer, leader, supervisor, and member of co-operative.

Social Bonding

The social bonding is the company relying on personal approach, emotional closeness, and good service to bind its customers (Berry, 1983; Emmelhainz & Kavan, 1990; Gordon, 1998; Chou, 2009; Hashem, 2011). In other languages these social bonding can also be referred to as empathy (Rashid, 2003; Kucukkancabas et al., 2007; Wongsansukcharoen et al., 2013). Another form of social bonding is the behavior and personal bonding (Gordon, 1998). For the co-operative social bonding is the most important as well as a manifestation of the principle of co-operatives as delivered Soeharto (1992) that is co-operative based on "kinship" principle.

The form of social bonding to co-operative is in the form of hospitality and courtesy of co-operative managements (leaders, managers, employees, and supervisors) in serving members and establishing a warm or intense atmosphere or relationship between managements and members through both formal and non-formal channels (Suryani et al., 2008). In addition, empathy to members is also an important part of social bonding to co-operative (Suryani et al., 2008). Another example of social bonding is that the co-operative service officer visits the members to send goods or services or hand over credits or take savings (Suryani et al., 2008) and the easy of managers to be met by members (Suryani et al., 2008). Various co-operative social bonding as mentioned can be used for various types of co-operatives such as consumer co-operative, producer co-operative, service co-operative, and credit co-operatives. Table 2 below will explain more simply the social bonding undertaken by the co-operative:

Table 2	
SOCIAL BONDING	
Type of Co-operative	Forms of Social Bonding
Consumer Co-operative, Producer Co-operative, Service Co-operative, and Credit (Credit Union) Co-operative.	Co-operative service officers come to members to debit savings, collect the production of members, submit a loan, deliver goods, and/or provide services.
	Leaders, managers, and employees of co-operative show empathy when serving members.
	Leaders, managers, and employees of co-operative are fast and responsive in responding of suggestions and complaints from members.
	Leaders, managers, employees and supervisors of co-operative are friendly in interacting or communicating with members (faces, gestures, etc.).
	Leaders, managers, employees and supervisors of co-operative are courteous in serving members (how to sit, how to greet, language, speech and other words).
	Leaders, managers, employees and supervisors of co-operative are easy to meet members.

Source: The author's construct results, refer to the literatures discussed in the "social bonding" section prior to Table 2 of this paper and also refer to the author's professional experiences as a lecturer, leader, supervisor, and member of co-operative.

Structural Bonding

Structural bonding is an activity, program, and policy to integrate the company with its customers. Through integration, companies and customers can communicate with each other, exchange information, and work together faster, deeper and more openly (Berry, 1983; Emmelhainz & Kavan, 1990; Gordon, 1998; Kucukkancabas et al., 2007; Chou, 2009;

Wongsansukcharoen et al., 2013). This structural bond also aims to give consumers more access and control over the company's information, policies, and products, or in other languages Gordon (1998) calls it an information and control bonding.

In the co-operative theory, the structural bonding is focus on increasing the non-financial contributive participation of members. Non-financial contrarian participation is the participation or involvement of members in the planning, decision-making and co-operative control processes (Hendar and Kusnadi, 1999). Structural bonding is basically an effort to make the external environment of the company become part of the internal environment of the company (the consumer becomes the owner). According to Tim Lapenkop Nasional (2006) members of the co-operative have two identities (dual identity) that are first as "*consumers*" and the second is as "*owner*". Dual identity of members in co-operatives automatically shows that co-operatives use structural bonding in maintaining relationships with members. In other words the structural bondings in the co-operative company are essentially "*membership status*".

This structural bonding is certainly very beneficial for the members but such bonding are not obtained free of charge by members but they must engage in financial contribute to co-operatives by paying principal savings and mandatory savings. Other structural bonding that are also carried out on co-operatives are making members as investors (capital supplier) in one or more business units owned by co-operatives. By becoming an investor of the co-operative business unit, members will have access and more technical control over their business unit of co-operatives and of course they will benefit from the business unit of the co-operative business that they finance. The following Table 3 will show more simply the form of structural bonding on co-operative, namely.

Table 3	
STRUCTURAL BONDING	
Type of Co-operative	Forms of Social Bonding
Consumer Co-operative, Producer Co-operative, Service Co-operative, and Credit (Credit Union) Co-operative.	Become a member of the co-operative (non-member or prospective customers are required to become members in the condition to buy products or use co-operative services).
	Member become a creditor for co-operative (member become an creditor or investor to finance one or more business units owned by co-operative).

Source: The author's construct results, refer to the literatures discussed in the "*structural bonding*" section prior to Table 3 of this paper and also refer to the author's professional experiences as a lecturer, leader, supervisor, and member of co-operative.

Trust

Morgan and Hunt (1994) defined trust as a willingness to rely on an exchange. Zikmund et al., (2003) defined trust as "*the desire of the customer to rely on the organization or brand*". Trust is a vital element in building good relationships between companies and customers (Daryanto, 2011). Members' trust in the co-operative is crucial to the long-term progress of the co-operative. If the member was confident to the co-operative then the member would perform various participation, either contributive or incentive. Co-operative products or services might disappoint the members, but with strong convictions from co-operative members, they do not necessarily stop trading but would continue to transact because it believed that the co-operative would create improvements and would eventually be able to provide satisfaction to members.

There are many things that will foster and maintain the co-operative members confidence, namely: co-operative programs, credibility and managers professionalism (leaders, supervisors, managers, and employees), openness and communication managers to members, government support, assets strength (capital, raw materials, natural resources, managements, technology, and information) and others. Table 4 below outlines how to create members' trust to the co-operative.

Table 4	
TRUST	
Type of Co-operative	Forms of Trust
Consumer Co-operative, Producer Co-operative, Service Co-operative, and Credit (Credit Union) Co-operative.	Trust on its co-operative products and services (affected by member satisfaction to co-operative products or services).
	Trust on the co-operative working program and the strategic planning (trust on the prospect and progress of the co-operative in present and future).
	Trust on the power of its co-operative resources (human resources, capital, materials, information and technology, government support, community support, and others).

Source: The author's construct results refer to the literatures discussed in the "*trust*" section prior to Table 4 of this paper and also refer to the author's professional experiences as a lecturer, leader, supervisor, and member of co-operative.

Communication

Sin et al. (2002) defined communication as the formal as well as informal exchanging and sharing of meaningful and timely information between buyers and sellers. Communication is an important part of an organization, including co-operative. Communication in co-operatives is very important in building co-operatives members trust. Member's communication is also a medium for conveying criticism and suggestions. For managers, communication means conveying the co-operatives policies and programs, as well as collecting information member's requirements and needs. Through communication, marketers explain and promote the proposition value which is offered by the company (Lovelock and Writz, 2011).

Communication within the co-operative could be in the forms of formal and non-formal communications. Formal communication could be in the form of member meetings (annual meeting and insidental meetings) held by co-operatives or formal media provided by the co-operative. Non-formal communication could be in the form of personal communication performed by the manager to members or vice versa outside the meetings or agendas or medium which were executed by co-operatives. This non-formal communication must be implemented intensively and planned (Daryanto, 2011) by co-operative managements. The non-formal communication could be managers visiting to several members or one-by-one member who were transacting at the co- operative to question their news, their complaints, to inquire about their expectations, etc. In order to facilitate non-personal communication, co-operative managers must also be easy to meet by members at all times, it is important to response for immediate critical criticism, suggestions, and desires from members.

According to theory, communication in the co-operative is divided into 3 levels: 1) vote, 2) voice, 3) exit (Hendar and Kusnadi, 1999). A Vote is a communication performed by a member to determine decisions in member meetings such as an election of a committee, an election of commissioner, a selection of the co-operative manager, a distribution of the

remaining results of operations, the co-operative policies and programs, and other decisions which are the member's authority in the member meeting. A Voice is communication in the form of criticism and member's suggestions to co-operative either through formal or non-formal ways (Arnould et al., 2004). An Exit is the last communication performed by the members that are in the form of cease being a member of co-operative or cease using co-operative product (Arnould et al., 2004). Exit is done by members if they were already very disappointed with the products, services, programs, and co-operative policies as well as they had greatly lost their trust in the co-operative. Table 5 below explains more simply how to build good communication with members.

Table 5 COMMUNICATION	
Type of Co-operative	Forms of Communication
Consumer Co-operative, Producer Co-operative, Service Co-operative, and Credit (Credit Union) Co-operative.	Provision of facilities and infrastructure (media) formal communication adequate for the interests of members.
	The co-operative actively engages in non-formal communication with members.
	Co-operative managers are easy and open to meet.

Source: The author's construct results, refer to the literatures discussed in the "*communication*" section prior to Table 5 of this paper and also refer to the author's professional experiences as a lecturer, leader, supervisor, and member of co-operative.

Share Value

O'Reilly and Chatman (1996) explained share value as a something that becomes a pointer or guideline in the organization about what is important to be done by members of the organization. Values will affect the company's ability to build trust (Daryanto, 2011). One of advantage of co-operative type companies compared to other types of companies lies in the values adopted by co-operatives in running the organization and its business. The values adopted by the co-operative are reflected in the objectives and principles of co-operatives as conveyed by Soeharto (1992) namely "*co-operatives aimed at promoting the welfare of members in particular and society in general and participate in building the order of national economy in order to realize a developed society, prosper based on Pancasila and the 1945 Constitution*". From the explanation it is clear that the focus or the main purpose of the existence of co-operatives is not just customer satisfaction (customer focused) but also higher in the form of member welfare, public welfare, and economic contribution for the government (*macro-economic contribution*).

The principle of co-operatives as described by Soeharto above is that co-operatives adhere to the principle of "*kinship*". The principle of kinship implies that between the parties in the co-operative especially managers with members must communicate (sit-together together), mutual understanding (trust), and co-operate in managing (advancing) business and co-operative organizations. The principle of co-operative in Indonesia consists of five principles: membership is voluntary and open, management is done democratically, the distribution of the rest of the business is done fairly in proportion to the size of the business transaction of each member, the limited remuneration of capital, independence, co-operative education, and cooperation among co-operatives (Soeharto, 1992). An important point of the five co-operative principles is that the co-operative is established, managed, and enjoyed by members or in co-operative theory is referred to as self-help. Table 6 below explains more simply what values a co-operative needs to

have in order to then be socialized and inculcated into all elements of the co-operative especially members:

Table 6	
SHARE VALUE	
Type of Co-operative	Forms of Value
Consumer Co-operative, Producer Co-operative, Service Co-operative, and Credit (Credit Union) Co-operative.	Customer focus, democracy, equality, justice, openness, kinship, cooperation, self-reliance, education, knowledge and others contained in vision, mission, motto, and others.

Source: The author's construct results, refer to the literatures discussed in the "*share value*" section prior to Table 6 of this paper and also refer to the author's professional experiences as a lecturer, leader, supervisor, and member of co-operative.

Reciprocity

Reciprocity is the dimension of a business relationship that causes either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Callaghan et al., 1995). Reciprocity shows that there is cooperation between the company and its partners or customers (Daryanto, 2011). Long term relationship would surely be created by itself when there occurs a mutual benefit between members and co-operatives. This reciprocal relationship can be created if the co-operative hardly demonstrates the maximum effort/behavior to rise high benefits/products/services according to member's needs. On the other hand, the members should have strong efforts/behaviors to show in contributive participation as owner and incentive participation as consumers. In other words a mutually beneficial relationship will be formed if the manager and members understand each other and perform their duties and obligations respectively well.

The task of the co-operative provides the best for the members' requirement and to ensure their duties. The co-operative should ensure that with mutual relations, the co-operative will have progress and provide higher benefits and value to them. In order to understand their duties, the co-operative is obliged to provide socialization and guidance to members related to members duties or obligations. Table 7 describes the reciprocity form of co-operative with its members

Table 7	
RECIPROCITY	
Type of Co-operative	Form of Reciprocity
Consumer Co-operative, Producer Co-operative, Service Co-operative, and Credit (Credit Union) Co-operative.	Co-operative obligations fulfillment to members (providing products or services according to the members' requirements and needs).
	Member obligations fulfillment to co-operative (crediting, savings, following member's meetings, transacting, advising and criticizing for the progress of the co-operative).

Source: The author's construct results, refer to the literatures discussed in the "*reciprocity*" section prior to Table 7 of this paper and also refer to the author's professional experiences as a lecturer, leader, supervisor, and member of co-operative

Commitment

Commitment is “*an implicit or explicit pledge of relational continuity between exchange partners*”(Dwyer et al., 1987). Commitment is central to all relational exchanges between the company and its various partners (Daryanto, 2011). Related relationships between co-operatives with members, then the commitment to co-operative can be seen from two perspectives that are co-operative and members’ commitments. Co-operative commitment should be strong intention from the managements to build long-term relationships with members and to provide the best products or services to members. Members' commitment should be strong intentions from the members to build long-term relationships with co-operatives and to retain in contributive participation (members as owners) and incentive participation (members as users). Consumer commitment of co-operative business type should be stronger than non-co-operative company commitment, this is due to consumer (member) is also the owner. As the owner as well as the consumer (member) has the responsibility and also the authority to strategic planning/decision making/control which will also affect the increase and decrease profit of the co-operative. Table 8 describes more simply the commitment between the co-operative and its members.

Table 8 COMMITMENT	
Type of Co-operative	Forms of Commitment
Consumer Co-operative, Producer Co-operative, Service Co-operative, and Credit (Credit Union) Co-operative.	Commitment of co-operative to members (provide the best products or services that meet the needs of members). Commitment of members to co-operatives (commitment to pay deposits, participate in member meetings, transact, advice and critique for progress of co-operative).

Source: The author's construct results, refer to the literatures discussed in the "*commitment*" section prior to Table 8 of this paper and also refer to the author's professional experiences as a lecturer, leader, supervisor, and member of co-operative

Various RM dimensions have need mentioned above, however there is one dimension that had not been explained specifically that is “*empathy*”. In this paper empathy does not described a separately but It is discussed as part of the dimension of structural bonding. The empathy description as part of the social bonding dimension has been clearly described earlier in the social bonding section. Thus, the RM dimension for co-operative consists of: financial bonding, social bonding, structural bonding, trust, communication, values, reciprocity and commitment.

Impacts of Relationship Marketing for Co-operative

Referring to some previous research results conducted by Chou (2009), Kucukkancabas et al. (2009), Hashem (2011), Wongsansukcharoen et al. (2013), and Wulandari (2015) then adopt and combine their constructs and dimensions, relationship marketing consists of dimensions: financial bonding, social bonding, structural bonding, trust, communication, shared value, and reciprocity. Relationship marketing will directly influence business performance (dimensions: customer retention, market share, co-operative members growth, sales growth, profit, return on investment, and member's saving), customer loyalty (dimensions: repeat purchases, product line purchases, recommending members, and not interesting buy the competitor's product) and customer's image (dimensions: the feel of the customer about the

company) and indirectly affect the business performances through business strategies (dimensions: cost leadership strategy, differentiation strategy, and focus strategy).

The above-mentioned studies are conducted in different industries, but the dimensions and relationships between the variables they use when observed are still general and can be applied to other companies with different forms of ownership as well as the type of business (industry) including co-operatives. The following Figure 2 will show more clearly and simply the conceptual framework of relationship marketing and its influence on various elements within the co-operative.

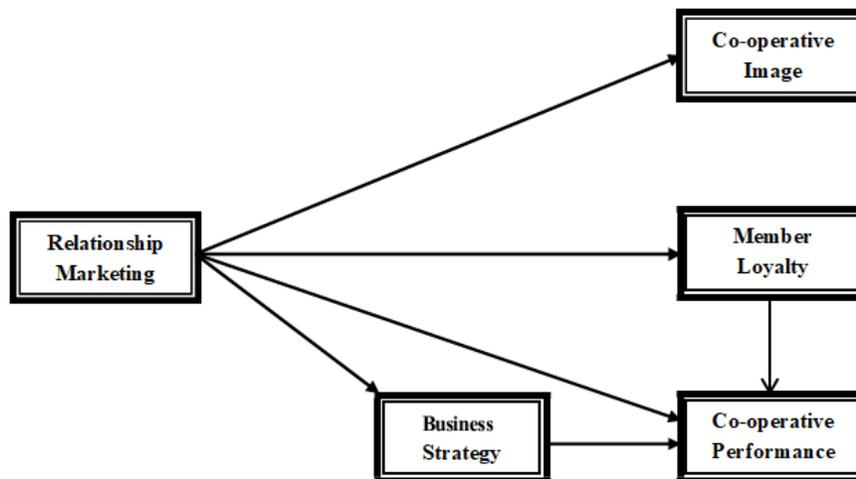


FIGURE 2
IMPACTS OF RELATIONSHIP MARKETING FOR CO-OPERATIVE

CONCLUSION

RM is a very important activity for the co-operative and will provide various benefits to marketing performance (good relationship with members, member satisfaction, member loyalty, member retention, and repeat purchase) as well as business performance (competitive advantage, cost of sales efficiency, increase in revenue, and increase in profits) of co-operative. The key stakeholders or key actors in the RM co-operative activities are the leaders, managers, employees, supervisors, and members. The Dimension of RM on co-operative consists of eight elements: financial bonding, social bonding, structural bonding, trust, communication, values, reciprocity, and commitment. If applied to the co-operative, RM will have a directly positive effect to the image of co-operative, member loyalty, and co-operative performance and indirectly affect to the co-operative performance through the business strategy and member loyalty.

Financial bonding in the form of low prices is the most attractive ties for members. Social bonding in the form of hospitality and warmth of leaders or managements and employees towards members is very important. Membership status is a real form of structural bonding that occurs between members and their cooperatives. A good working program and openness in managing co-operative by leaders or managers will create member trust. The ease and

convenience of members to communicate with co-operatives will build a positive image and reduce the negative image of members towards the co-operative. Family values and democracy in co-operatives are fundamental in building synergy between co-operatives and their members. If the co-operative management with members has the awareness to fulfill their respective obligations, then reciprocity will automatically be created. The most influential thing in creating member commitment is the members' awareness and belief about the various benefits they will receive if the co-operatives they manage growth and become successful.

SUGGESTIONS & IMPLICATIONS

The conceptual frameworks and dimensions produced in this paper are still theoretical studies so that empirical studies need to be done on further research. Empirical studies can be done on the unit of analysis of co-operative that represent each type of co-operative in Indonesia or performed on each type of co-operative separately or even performed on co-operative outside Indonesia.

The theoretical implication of this research is that the dimensions of RM on co-operative are basically the same as on non-cooperative company, but different or typical in some detail of its activity. For example, in a co-operative, one form of the structural bonding is the consumer (member) given the opportunity to be an investor of one or several co-operative businesses, while on the non co-operative companies, consumer do not have that opportunity. The results of this theoretical study can further be an additional reference in the field of marketing management in terms of relationships with customers and customer or member loyalty especially for company type of co-operative.

The managerial implication of this research is that the dimensions and activities of RM on co-operative company as produced in this paper can then be used as reference for co-operative entrepreneurs, leaders, and managers to arrange their co-operative RM programs or as an evaluation material to assess the quality of the RM programs or activities conducted by their co-operatives.

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