Trust, Commitment, Social Conflict, and Satisfaction on the Loyalty Relationships

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Keywords: Relationship, Commitment, Trust, Conflict, And Satisfaction

Abstract: This study examines the loyalty of partners in the cycle of the chicken supply chain. Loyalty in this study is influenced by company commitment, trust, conflict, and satisfaction. Relationship loyalty describes a customer commitment to do business with suppliers, by buying goods and services repeatedly, and recommending services and products to friends and groups. This research is based on theory relationship marketing to analyze the effect of commitment, trust, conflict, and satisfaction on loyalty. The research was conducted on the partnership relationship between partners and their parent company. The research location in the South Sumatera. The research was conducted in the form of a survey, explaining the causal relationship between variables through hypothesis testing. The population in this study was all partners of SMEs, which consisted of 150 SME partners who were in South Sumatera. The entire population data was used in the study. The instruments used to measure commitment men, trust, conflict, satisfaction, and loyalty are based on a 5-point Likert scale rating system. The method of testing hypotheses and analyzing data is by using Multiple Linear Regression. The results of the data analysis show that commitment, trust, social conflict, and satisfaction have a significant effect on loyalty. The matching test or goodness of fit test is indicated by the value of R2, indicating that goodness of fit is good. F test results show the regression equation used in this test is a regression that has a perfectly linear regression line.

1 INTRODUCTION

This study examines the loyalty of existing relationships in the cycle of the chicken supply chain. Loyalty in this study is influenced by company commitment, trust, conflict, and satisfaction with SMEs. SMEs are a company engaged in partnerships. Research is SMEs that have a nationwide network and is based in South Sumatera based on the concept of relationship marketing. The concept of relationship marketing is the main key in the company's current business activities. The concept developed from a traditional view that focused on transactional marketing. The focus of relationship marketing is to get and keep consumers. Long-term relationship means loyal customers where their needs and desires are satisfied. Increased customer relationships mean treating them well, improving the core service-company through adding value, and, most importantly, providing services that are needed by each individual (McIlroy and Barnett, 2000). Customers become the core of relationship marketing. Marketers need to know more information about customers who are they? What are they doing? And what do they want? Customer database and customer segmentation are needed in implementing relationship marketing strategies to get more information about their customers (Chan, 2003). An important concept that also needs to be considered when developing a loyalty program is customer satisfaction. However, customer satisfaction is not an accurate indicator of loyal customers. Satisfaction is needed, but not as sufficient conditions for customer loyalty. Satisfaction can be had without loyalty, and it is difficult to have loyalty without satisfaction (Shoemaker and Lewis, 1999). Customer loyalty can also be influenced by other variables, such as value attainment and positive mood (Ruyter and Bloemer, 1999). A basic assumption states that customer satisfaction leads to profitability (Grönroos, 1990).

This assumption is based on the idea that the quality of service providers’ increases, customer satisfaction will increase. Satisfied customers will create a strong relationship with service providers, which leads to relationship longevity. Another thing that companies need to understand in developing relationship marketing is customer retention. Providing quality customer service is the beginning of retaining
customers. Quality service must be able to give an impression on emotions and give value to customers.

2 LITERATURE REVIEW

Relationship Marketing is an effort to attract customers and improve relationships with customers, so it can be said that Relationship Marketing is an effort to get to know customers better so that companies can meet the needs and desires of their customers. Gronroos (1990) views Relationship Marketing as an effort to develop, maintain, improve, and commercialize customer relations in order to realize the goals of all parties involved. There are several definitions put forward by a number of experts. Shani and Chalasani (1993) define Relationship Marketing as an effort to develop ongoing relationships with customers in relation to a series of related products and services.

2.1 Company Commitment and Relationship Loyalty

Commitment is a belief between related parties who want a continuous relationship and is considered important in order to maintain the relationship. Company commitment is the core of relationship marketing. The company's commitment can be obtained by the company making customers a top priority, long-term, and based on a mutually beneficial relationship. Company commitment can also be interpreted as a promise or pledge of the company to maintain relationships that have been well established because these relationships have important meaning (Morgan and Hunt, 1994). The ability of employees to interact with customers will increase customer commitment to the company (Hennig-Thurau et al., 2002). Ndubisi (2007) states that corporate commitment can be aimed at continuously learning to provide customer needs and service quality will increase customer satisfaction, which in turn will lead companies to create close relationships with their customers. Based on empirical findings and theories about the above commitments formulated the following hypotheses:

H1: Commitment to affect the loyalty relationship.

2.2 Trust and Loyalty Relationships

Trust and loyalty relationships are seen as one of the fundamental and important things in the business world. Morgan and Hunt (1994) define trust as entrusting someone or something to safeguard their interests, trust here relies on someone or something that is believed to have consequences in the relationship between the trustor and the trustee. In building these relationships, there are consequences and implications. Basically, consumers have the sovereignty to decide which products to buy without coercion or guidance from external parties (Gronow and Warde, 2001). Morgan and Hunt (1994) define trust as a condition when one party involved in the exchange process believes in the reliability and integrity of the other party. Trust is a willingness or willingness to rely on colleagues involved in exchanges that are believed. Willingness is the result of a belief that the parties involved in the exchange will provide consistent quality, honesty, responsibility, light-heartedness, and good heart. This belief will create a close relationship between the parties involved in the exchange. In Costabile (1998) research trust is defined as the perception of reliability from a consumer's perspective based on experience, or more on transaction sequences or interactions characterized by meeting expectations for product performance and satisfaction. The main characteristic of the formation of trust is a positive perception that is formed from experience. Some research has found that the relationship of trust between consumers and brands influences consumer purchasing decisions. Store brands and private brands are becoming increasingly popular because consumers more trust that products with these brands are of higher quality (Miguel et al., 2002). Furthermore, Delgado et al. (2000) indicate that consumer confidence influences loyalty. The existence of trust will create a sense of security and credibility and reduce consumers' perception of risk in exchange. According to Luarn and Lin (2003) trust is a number of specific beliefs about integrity (honesty of trusted parties and the ability to keep promises), benevolence (attention and motivation that is believed to act in accordance with the interests of those who trust them), competency (ability of trusted parties to carry out trustworthiness) and predictability (the consistency of the behavior of trusted parties). Based on empirical findings and theories about the trust the above formulated the following hypotheses:

H2: Faith affects the loyalty relationship.

2.3 Social Conflict and Loyalty

Conflict is a natural part of social behavior. Social conflicts are disputes overvalues or claims regarding the status, power, and sources of wealth that are in limited supply. Social conflict is a condition that occurs when two or more parties perceive that there are differences in 'positions' that are not aligned, insufficient resources, and/or the actions of one party to obstruct, interfere or in some cases, make the other party's goals less successful. The parties in dispute not
only intend to obtain the desired sources but also to corner, harm, or destroy their opponents. Conflicts can occur between countries, conflicts between ideas, conflicts between organizations, and conflicts between individuals. In particular, social conflict is very interesting to analyze because it focuses on individuals as a unit of analysis (Thomas, 1992). Basically, conflict consists of affective conflict (personality) and cognitive-based conflict (ideas). Conflict, mostly considered as something that must be avoided in a relationship. Specifically, the results of the study of Amason and Sapienza (1997) show that shows that conflict has a negative impact on partnership relationships, which has a positive effect on relationship loyalty. Locke, Smith, Erez, Chah, and Schaffer (1994) add that this can occur when buyers and sellers have significantly different goals that they want to achieve in a relationship. Destination conflicts can have negative consequences (Shaw, Shaw, and Enke, 2003). While in a buyer-seller relationship, it may be more likely to have conflicting goals and, therefore, will bring cognitive conflict and/or affective conflict. The partnership theory notes that for the good of the relationship, all parties must consider and fulfill the goals of the others. As a result, even though it is not possible for buyers and sellers to be perfect in aligning goals, one would expect that both parties would tend to work to get out of the difference to achieve the desired results together, assuming one goal could be harmonized.

Conflicts that occur between consumers and companies can be an opportunity to prove the consistency of promises given to customers through its resolution, as well as information obtained from the willingness to discuss the reasons for the occurrence. Conflict management is the company's ability to avoid potential conflicts or resolve conflicts before problems are created and openly discuss solutions when problems arise (Dwyer et al., 1987). Every customer-oriented organization needs to regularly provide broad opportunities for its customers to submit suggestions, opinions, and complaints. Conflict, however, defined, is a natural part of social behavior. Much work in this area is related to the process of resolving conflicts (Thomas, 1992) and has been studied in terms of conflicts between nations, conflicts between ideas, conflicts between organizations, and conflicts between individuals. In particular, areas of social conflict are very interesting because they focus on individuals as the unit of analysis. Guetzkow and Gyr (1954) were the first researchers to investigate the conflict in organizations. Jehn&Mannix (2001), describe affective-based conflicts (personality) and cognitive-based conflicts (ideas). Conflict, mostly considered as something that must be avoided in a relationship. Some research seems to support this assumption. The results show modifications that benefit both buyers and sellers and can have a positive effect on relationship loyalty (Jehn, 1995; Jehn and Mannix, 2001). Another area of conflict that has been studied extensively is a conflict that arises because of concerns (Locke, Smith, Erez, Chah, and Schaffer, 1994). This can happen when buyers and sellers have significantly different goals that they want to achieve in a relationship. Destination conflicts can have negative consequences (Shaw, Shaw, and Enke, 2003). While conflicts occur between individuals (or individual teams) within the same company, buyer-seller relationships may be more likely to have conflicting goals and hence, cognitive and/or affective conflicts. The partnership theory notes that for the good of the relationship, parties must consider and fulfill the goals of the others. As a result, although buyers and sellers may not have perfect alignment of goals, one would expect that both parties would tend to work out differences to achieve the desired general results, assuming one could be found. Duartedan Davies (2003) has examined conflicts in business relations. Emiliani (2003) provides some interesting findings and informative conceptual observations about potential sources of conflict and shows that most conflicts ultimately focus on financial issues related to increasing shareholder value. The ability to handle conflict refers to the company's ability to prevent or minimize the impact of things that could potentially lead to conflict, and the ability to resolve real conflicts that have already occurred (Dwyer et al., 1987). Conflict can be a serious problem within a company and may potentially reduce performance if the conflict is allowed to drag on without resolution. Conflict handling is a special action when interacting with customers (Ball et al., 2004). The ability of the company to handle conflicts properly will give satisfaction to customers and cause customers to become loyal (Ndubisi, 2009). Based on empirical findings and theories about conflict above the following hypothesis is formulated:

H3: Social conflict influences relationship loyalty.

2.4 Relationship Satisfaction and Loyalty

Relationship loyalty illustrates a customer's commitment to doing business with an organization, by buying goods and services repeatedly and recommending its services and products to friends and groups (McIroy and Barnett, 2000). In the era of conventional marketing, many marketers believed that relationship loyalty is basically formed because of the contribution of values (value) and brand (brand). Marketers recognize that relationship loyalty
is a very important impetus for creating sales. From the point of view of customers, companies that perform well are customers who are willing to make a purchase first and then wish to make subsequent purchases over and over (Chan, 2003). In the era of conventional marketing, value, and brand are the two main factors that stimulate the initial purchase and then drive the repetition purchase. According to Julander et al. (1997), as quoted by Sugandini (2002), there are two dimensions of customer loyalty, behavioral and attitudinal. Behavioral dimension with regard to customer behavior towards repeat purchases that indicate a preference for a brand or service. The attitudinal dimension refers to the intention of the customer to repurchase and recommend a brand or service to others. Customers who have the intention to repurchase and recommend products and services to others are most likely to be loyal customers. Gremler and Brown (1997), Cronin and Taylor (1992), as quoted by Sugandini (2002), stated that customer satisfaction and service quality are prerequisites of customer loyalty. In the context of relationship marketing, maintaining and building mutually beneficial customer relationships, image company, and satisfaction are two important things that marketers need to understand in keeping customers loyal. With regard to relational exchange, Gronroos (1994) argues that the goal of relationship marketing is to build, maintain, and improve relationships results at a profit. Relationship satisfaction is the accumulation of all transactions (as opposed to the experience of satisfaction in certain transactions), viewed from the buyer's point of view (Jap, 2001). Relationship satisfaction measures are similar to customers for relationships. The satisfaction barometer for the relationship used by Fornell (1992) in that case is measured from the perspective of the customer or the perspective of the buyer and in this case, refers to the accumulation of satisfaction. Specific relationship satisfaction for the transaction, in that case, is an overall evaluation based on previous purchases and experience in doing business with suppliers from time to time (Anderson et al., 1994). Based on empirical findings and theories about the satisfaction of the above relation formulated the following hypotheses:

H4: Satisfaction with the relationship affects loyalty.

3 FRAMEWORK

Mind based on the theoretical study and empirical review described above, the research model proposed in this study is as follows:

4 RESEARCH METHOD

4.1 Population and Sample

The population in this study were all partners of SMEs, which consisted of 150 SME partners in South Sumatera. The number of samples in this study was 150 SME partners domiciled in South Sumatera. The technique used was a census because the entire population will be used as a sample. The number of samples was 150 respondents.

4.2 Test Validity and Reliability

The test results of all the instruments validated both because of the value of the loading factor ≥ 0.5. In this study, the reliability test used Cronbach Alpha. The instrument reliability test results show good results because the coefficient Cronbach's Alpha obtained meets rules of thumb the required that is ≥ 0.6 (Sekaran, 2006).

4.3 Data Analysis Method

The data Obtained will be used to test the hypothesis. The method of testing hypotheses and analyzing data is by using Multiple Linear Regression. The reason for using this method is because the results of this multiple linear analysis are able to identify and explain some significant independent variables to the dependent variable, and are able to explain the linear relationship that may exist between the dependent variables with more than one independent variable.

4.4 Hypothesis Testing

The testing F test is used to test whether the loyalty model is influenced by commitment, trust, conflict, and relationship satisfaction is significant or acceptable (Ghozali, 2002). The F test can be
observed from the significance value $F$. The t-test shows how far the influence of one independent variable individually in explaining independent variation (Ghozali, 2002). This significance test can be observed from the significance value of each variable. Significance value < 0.5 indicates that the effect of variable $X$ on $Y$ is significant.

5 RESULTS

5.1 The Goodness of Fit Test ($R^2$)

Test harmony or test goodness of fit indicated by the value of $R^2$ (coefficient of determination) The results of data analysis showed that the value of $R^2$ is equal to 0.420. The test result indicates that the goodness of fit well because it approaches the value of 1. This shows that the regression model is able to explain the existing data (Gujarati, 1995). The test results of $R^2$ can be seen in Table 1.

Table 1: Test results determine as a coefficient ($R^2$)

<table>
<thead>
<tr>
<th>Model</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. The error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.605</td>
<td>.551</td>
<td>0.035</td>
</tr>
</tbody>
</table>

5.2 Regression Variance Test or $F$ Regression Test or Multiple Regression Test

Diversity test to determine the best regression line is often called the F-test. The F test is seen from the significance value $F$ obtained from processing the regression data. A good F test is characterized by a sig $F$ value of $\leq$ 0.05. The results of the F test are shown in table 2.

Table 2. ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>51 358</td>
<td>4</td>
<td>12 840</td>
<td>6 148</td>
<td>.001b</td>
</tr>
<tr>
<td>Residua</td>
<td>71 001</td>
<td>34</td>
<td>2,088</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>122 359</td>
<td>38</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.3 Significance of the Regression Equation

The results of the regression equation test show that company commitment, trust, conflict, and satisfaction have a significant effect on loyalty. This result is indicated by the significance value of $\leq$ 0.05. The regression equation obtained is as follows:

$$Y = 0.814 + X_{0.2021} + 0.541X_{to} - 0.131X_{3} + 0.142X_{4}$$

Regression analysis can be seen in table 3.

Table 3. Results of linear regression analysis coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>0814</td>
<td>0.020</td>
<td>3347</td>
<td>.002</td>
</tr>
<tr>
<td>conflict</td>
<td>-.131</td>
<td>-.009</td>
<td>-414</td>
<td>.004</td>
</tr>
<tr>
<td>trust</td>
<td>.441</td>
<td>.033</td>
<td>4,08</td>
<td>2</td>
</tr>
<tr>
<td>satisfaction</td>
<td>.242</td>
<td>.012</td>
<td>5,26</td>
<td>4</td>
</tr>
<tr>
<td>commitment</td>
<td>.202</td>
<td>.038</td>
<td>3,85</td>
<td>1</td>
</tr>
</tbody>
</table>

6 DISCUSSION

The purpose of this study is to analyze and test the influence of conflict, trust, company commitment, and satisfaction within the partnership relationship between SMEs and its partners. The results of the data analysis show that conflict, trust, company commitment, and satisfaction have a significant effect on loyalty. The results of this study are as follows:

6.1 Commitment and Relationship Loyalty

The results of the data analysis show that the effect of company commitment on loyalty is significant. This means that the higher the commitment of the company, the higher the loyalty of partners.
result is indicated by the significance value of 0.04. The effect of company commitment on loyalty is 20.2%. The results of this study support research conducted by Ndubisi (2007), which states that corporate commitment can be aimed at continuously learning to provide customer needs and quality of service will increase customer satisfaction, which in turn will lead companies to create close relationships with their customers. Commitments given by SMEs include a commitment not to look for other partners, commitment to keep doing business regularly with SMEs, and SMEs' commitment to resolving partner problems. The results of the descriptive analysis show that all SMEs partners have partnered for more than one year, and in one year doing business transactions with SMEs. The average commitment of SMEs, which is perceived by breeders as partners, is 4.1218. This shows that SMEs' partners feel the commitment made by SMEs is relatively high in their partners. This high commitment makes SMEs' partners loyal to SMEs.

### 6.2 Trust and Loyalty Relationships

The results of the data analysis show that the influence of trust on loyalty is significant. This means that the higher the trust, the partner's loyalty will also be higher. This result is indicated by the significance value of 0.00. The effect of company trust on loyalty is 44.1%. The results of this study support the research of Bennet and Gabriel, 2001 which concluded that companies need to create conditions that are more stable, more easily predict partner behavior so that consumers become reluctant to switch product providers. The results of this study Costabile research (1998) which states that trust is defined as the perception of reliability from the point of view of consumers based on experience, or more on the order of transactions or interactions characterized by fulfilling expectations of product performance and satisfaction has an influence on loyalty. The existence of trust will create a sense of security and credibility and reduce consumers' perception of risk in exchange (Bennet and Gabriel, 2003). The trust given by SMEs to its partners includes SMEs' promise to maintain the business success of partners, SMEs gives positive promises to partners, SMEs thinks of partner's well-being, the belief that SMEs continues to have good intentions with partners, partners feel no need to be careful with SMEs. The average value of respondents' answers to trust in SMEs amounted to 4.3994. The average respondent's answers to trust in SMEs that were relatively high was able to increase the loyalty of these partners to SMEs. With this relatively high average trust value, it turned out to be able to make trust as the most dominant variable influences loyalty.

### 6.3 Conflict and Relationship Loyalty

The results of the data analysis show that the influence of conflict on loyalty is significant. This means that the smaller the conflict, the higher the loyalty of partners. This result is indicated by the significance value of -0.004. The effect of conflict on loyalty is 13.1%. The results of this study support research conducted by Amason and Sapienza (1997), showing that shows that conflict has an impact on partnership relationships that have a positive effect on relationship loyalty. Locke, Smith, Erez, Chah, and Schaffer (1994) add that this can occur when buyers and sellers have significantly different goals that they want to achieve in a relationship. Destination conflicts can have negative consequences (Shaw, Shaw & Enke, 2003). While in a buyer-seller relationship, it may be more likely to have conflicting goals and, therefore, will bring cognitive conflict and/or affective conflict. The results of the research of Jehn and Mannix, (2001), show modifications that benefit both buyers and sellers and can have a positive effect on relationship loyalty. Conflicting goals can lead to consequences (Shaw, Shaw & Enke, 2003). Emuliani (2003) provides some interesting findings and observations conceptual about potential sources of conflict and shows that most conflicts ultimately focus on financial issues related to increasing shareholding values. Duarte and Davies (2003) present an empirical study of conflict relations and performance in the context of distribution. The results of his research show the relationship between conflict and partnership performance is an arc, not the traditional linear relationship that is usually found. The ability of the company to handle conflicts properly will give satisfaction to customers and cause customers to become loyal (Ndubisi, 2009). Conflicts felt by partners are usually related to partnership decisions that are different from SMEs, differences in the application of the contents of negotiation decisions by SMEs, and differences of opinion with SMEs. The results showed that the average value of conflicts perceived by SMEs' partners was relatively low, which was 2.8352 so that with low conflict perceptions, the partner's loyalty to SMEs was high.

### 6.4 Satisfaction and Relationship Loyalty

The results of data analysis showed that the effect of satisfaction on loyalty was significant. This means that the higher the satisfaction, the loyalty of partners will also be higher. This result is indicated by a significance value of 0.021. The influence of company trust on loyalty is 24.2%. The results of this study support the opinion of McIlroy and Barnett,
(2000) which states that in a business context, relationship loyalty illustrates a customer's commitment to do business with an organization, by buying goods and services repeatedly, and recommending its services and products to friends and groups. In the era of conventional marketing, many marketers believe that relationship loyalty is basically formed because of the contribution of values and brands. The results of this study also support the findings of Grempler and Brown (1997), Cronin and Taylor (1992), as quoted by Kandampully and Suhartanto (2000) state that customer satisfaction and service quality are prerequisites of customer loyalty.

Grorroos (1994) argues that the goal of relationship marketing is to build, maintain, and improve the results of the relationship on profit. Certain), from the buyer's point of view (Jap, 2001). The satisfaction of specific relationships over transactions, in that case, is an overall evaluation based on previous purchases and experience in doing business with suppliers from time to time (Anderson et al., 1994).

The results of the descriptive analysis showed that all SMEs partners felt satisfied partnering with SMEs. Satisfaction felt by partners includes satisfaction with income during partnering with SMEs, satisfaction with profit margins, decision on SMEs products that provide good growth, satisfaction with SMEs products is better than other company products, satisfaction with good growth, satisfaction with handling SMEs's representative, satisfaction over the handling of partners personally, and satisfaction with risk management from SMEs’s representative. The average response of respondents' satisfaction is 3.9231. This shows that SMEs' partners feel satisfied with SMEs. This satisfaction felt by SMEs' partners also caused SMEs' partners to be loyal to SMEs.

7 CONCLUSIONS

This study aims to analyze and test the effect of commitment, trust, social conflict, and satisfaction on the loyalty of SMEs' partners. The results of the data analysis show that commitment, trust, social conflict, and satisfaction have a significant effect on loyalty. Test harmony or goodness of fit test indicated by the value of R2indicate that the goodness of fit is good. F test results show the regression equation used in this test is a regression that has a perfectly linear regression line. For more details, the results of this study can be detailed as follows: company commitment significantly positive effect on the loyalty of SME partners. Partner trust in SMEs has a significant positive effect on SMEs' partner loyalty. The conflict has a significant negative effect on the loyalty of SMEs' partners. Partner satisfaction has a significant positive effect on SMEs' partner loyalty. Judging from the beta coefficient, trust has the greatest influence on SMEs' partner loyalty, which is 44.1%.

8 SUGGESTIONS

The results of this study provide direction for SMEs' leadership in maintaining the loyalty of its partners. The results of this study indicate that the most dominant trust affects the loyalty of SMEs' partners. In maintaining customer loyalty, some important things to note are as follows: The company must be concerned with the success of its partners, the company must always keep its promises to partners, the company SMEs still prioritizes the welfare of its partners when they have to make important decisions, the company is able to guarantee its partners that partnering with SMEs will not disappoint and is the best decision. Besides that, SMEs also must prioritize satisfaction, reduce conflict with its partners, and increase its commitment to continue together with partners. It is hoped that the loyalty of SMEs' partners will be increased.

REFERENCES


