

Foundations of a new cooperative paradigm (NCP): what incentives for key players?

Daniel Côté
Strategy teacher
HEC Montréal

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Cooperatives, particularly in mature sectors, are evolving in a changing environment. The structural changes brought about by the new rules of the game are leading them into an identity crisis, as managers ask: who are we, what makes us different, is the cooperative mode of organization still relevant in the context of globalization (Côté, 2001). Pushed to the limit, this crisis is leading to a phenomenon of de-mutualization (insurance, agri-food, banking, etc.). We also observe partial demutualization when cooperative groups list part of their capital on the stock market, as well as mimetic behavior when cooperative leaders increasingly copy the practices and business models of capitalist companies.

In recent publications, I had already begun to provide some answers to these questions. The concept of the New Cooperative Paradigm (NPC) was introduced (Côté, 2000 and 2005) as part of the solution to this identity crisis. The aim of this article is to add to the key foundations of the NPC. In particular, I address the issue of incentives for key cooperative players, i.e. customers/members and managers, to invest in and adhere to this new cooperative paradigm.

This article is the result of research undertaken in the late 90s. My work is based on different methodological approaches. Firstly, an action-research approach has been in progress since January 2000. Four cooperatives were involved in this action research at different times over the last few years¹. This action-research framework offers the enormous advantage of validating research questions in a very concrete setting, with a long-term time perspective. It also offers the opportunity to validate practical solutions and results. In addition, the complicity of the cooperative leaders involved in this action research also facilitates access to high-quality qualitative information, obtained from cooperative players (members, managers, employees and executives) at different periods throughout the action research process. Finally, quantitative data are also accumulated following various surveys of members, employees and managers.

In the first section of this article, I briefly review some key ideas at the heart of the identity crisis facing cooperatives, as well as the broad outlines of the concept of a new cooperative paradigm developed to date. The second part examines the interest of key players in reinvesting in the cooperative universe. At this stage in the history of cooperative development, the key players are first and foremost managers and members as customers.

¹ The action-research project began with a first Desjardins caisse in January 2000. Since then, a second Desjardins caisse and two farm supply cooperatives have been added.

Why would a manager have an interest in developing the cooperative enterprise by relying on the identity vector when the identity crisis mentioned above is pointing in the opposite direction? And why would a member, increasingly reduced to the role of customer in the context of an identity crisis, have an interest in reinvesting in the role of member? These questions are essential if we are to support the idea that an NPC is credible in today's competitive world. To investigate the incentives of cooperative actors, it is pertinent to place this questioning in the context of the relational paradigm, and to draw on a rich literature developed over the last 25 years (Oliver, 1997, Zeithaml, 2000). This will be followed by a discussion of the implications of the findings, as well as the limitations of the research. I end with a brief conclusion.

The NPC concept: some key ideas at the heart of the approach

The starting point for my reflection on the emergence of an NPC is the recognition of an identity crisis caused by structural changes affecting the cooperative dynamic (Côté and Toulouse, 1996, Côté, 2001). The structural changes at the root of this crisis are based on : (a) the evolution of the concept of member towards an individualizing figure, (b) the interpenetration of competitive fields with the share-capital enterprise and the difficulty of recognizing the particular nature of the cooperative mode of organization, (c) increased market pressure and the growing difficulty of making trade-offs that reflect the logic of cooperative action. It's only natural, then, that managers should ask themselves where they can find the cooperative difference...if it still exists? What are the advantages of cooperative organization today? It's also important to go beyond values and principles and reflect on business practices in the cooperative context.

The NPC is also a response to the challenges facing organizations (including cooperatives) at the start of this century (Crozier, 1989, Senge, 1991, Brilman, 1995, Blackwell, 1997). Whereas historically, cooperatives were seen as a solution to market failures, i.e. the power of monopolies, monopsony, lack of services, dissymmetry of information, etc., all conditions that could lead to various abuses, it is now important to look at the cooperative mode of organization from a pro-active point of view, i.e. to answer the following question: what are the advantages specific to the nature and structure of this mode of organization in a competitive context? This approach in no way eliminates the relevance of an analysis of reactive conditions. It is simply necessary to realize the need to analyze relevance beyond the traditional approach.

In an article published in 2000, I identified four major challenges facing organizations, i.e. loyalty (employees and customers), values-based mobilization, learning in an organizational context, and the quest for meaning and legitimacy. The idea of an NPC was born out of a search for the specific advantages of cooperative organization in the face of these challenges. If it turns out that the cooperative mode of organization has an advantage in meeting these challenges, the development of a cooperative identity becomes a strategic issue.

Among all these challenges, the loyalty aspect was given priority, for both scientific and practical reasons. Firstly, there is a vast literature on the question of loyalty, both from a

scientific and practical standpoint. Furthermore, as I am pursuing a methodological approach based on action research, it became important to focus on one aspect (simplification), while validation in the field required a concrete link with practice. The loyalty management challenge proved to be an appropriate choice, mainly for these reasons.

A loyalty management framework is based first and foremost on a set of fundamental values and principles (Bhote, 1996, Reichheld, 1996). These values and principles coincide with the values and principles at the heart of cooperative identity (Côté, 2005). The convergence of the foundations of loyalty and cooperative identity prompts us to reconsider cooperative values and principles from a strategic point of view. Since loyalty (from employees and customers) is proving to be one of the key success factors for businesses in the 21^e century (Singh and Sirdeshmukh, 2000), it is therefore possible to infer that cooperative identity may prove to be a source of competitive advantage. This hypothesis is widely developed and supported by the results obtained at the Saint-Roch-de-L'Achigan caisse (Côté, 2005).

Ethics, integrity, transparency and mutual trust are fundamental principles, both for cooperative identity and for credible, legitimate loyalty management. To these principles must be added proximity to the customer, the priority given to their well-being, and their ability to act as the company's coach. Finally, it is essential to be able to impress the customer, anticipate his needs and deliver a high-calibre business proposition (Bhote, 1996). The cooperative's *raison d'être*, i.e. to strengthen the member's socio-economic status, and the dual status of owner-user, give the cooperative an advantage and create a more favorable context for dialogue with the member and consideration of his or her needs. The cooperative can then seek to respond with a more appropriate business proposal. However, like any organization², the cooperative faces a major implementation challenge.

Given the predominance of the managerial system in ensuring the sustainability and development of cooperatives, the NPC is based on the premise that "cooperative renewal" in a competitive context must be anchored primarily in business practices (management and commercial). The loss of cooperative meaning caused by the identity crisis, and the evolution of the concept of member to that of customer, add to the weight and complexity of business practices. Coupled with the weakness of democratic practices (low attendance at general meetings, etc.), this places managers at the forefront of cooperative players. It is therefore essential to question the motives and incentives that drive them, as well as their ability to develop a distinct business model that reflects the nature and logic of the cooperative.

² A recent study by consultancy firm Bain and Company shows that 80% of managers claim to deliver a superior business proposition (to that of their main competitors) to their customers. When these companies' customers are surveyed, just 8% admit to receiving a superior proposition from these same companies. The authors of the study concluded that there is a delivery gap.

This is not to say that these economic motives and incentives are not framed by others of a more ideological nature. But it is clear that ideological incentives alone are not enough to maintain a strong cooperative identity in today's competitive world.

In addition to the management team's own questions, we also need to question customers (denatured members) and their motives and incentives for identifying and behaving as a member in the context of an NPC. Why would a customer be interested in a cooperative revival, especially if the latter offers no (or very little) difference compared to capitalist competitors? Of course, as with managers, we can't rule out ideological motives on the part of co-op customers. As with the latter, however, I don't believe that these motives alone are sufficient to rehabilitate the cooperative mode of organization.

Relevance of loyalty-based management as seen by cooperative players

The NPC from a management point of view...via the concept of loyalty

Given the key role played by managers in today's cooperatives, it is vital to investigate the convergence of their motivations, both to face competitive challenges and to develop the cooperative identity.

Once we accept the hypothesis of this convergence between loyalty and cooperative identity (Côté, 2005), it becomes possible to analyze managers' interest in pursuing a loyalty-centred management approach. In so doing, we will analyze the interest of the loyalty phenomenon from the managers' point of view.

The new competitive environment is characterized by increased international competition, lower growth rates, mature markets, increased pressure on prices as the cost structure becomes more difficult to compress, a smaller number of customers pursued by a growing number of competitors, etc. Companies must therefore devote a greater proportion of their resources to their existing customer base. Companies must therefore devote a greater proportion of their resources to their existing customer base (Fornell, 1992). Offensive strategies (winning market share by attracting new customers) are becoming increasingly difficult to implement, making defensive strategies increasingly important. Rather than seeking out new customers, defensive strategies aim to minimize defection rates and develop relationships with existing customers. The key principle is to prevent new entrants and existing competitors from taking "our customers" (Fornell and Wernerfelt, 1987).

Service plays a critical role in a defensive strategy. While quality products at appropriate prices can be imitated more easily, providing good service consistently is more difficult to copy (Zeithaml, 2000).

Companies seek and desire this loyalty through the development of relationships with consumers. This is even more important in the case of services, since their intangible nature, heterogeneity and ambiguity of performance pose challenges in developing and maintaining a customer relationship (Singh and Sirdeshmukh, 2000). Relationship management is therefore critical, particularly in service industries, given the unique

characteristics of both relationships and services. This relationship exists when an individual exchange is evaluated, not in isolation, but as a continuation of past exchanges. The emphasis on historical context and future consequences is therefore central to the definition of a relationship (Bendapudi and Berry, 1997).

Marketing's "focus" has thus evolved from transactional exchanges to a lasting relationship between the parties, making loyalty the primary goal of the relational approach. This relational paradigm aims to identify the key factors influencing a company's results, and to better understand the causal relationships between these factors and results (Hennig-Thurau, Gwinner and Gremier, 2002). Companies are therefore increasingly looking to factors such as service quality, perceived value, trust, customer satisfaction and loyalty to maintain a leadership position in their market. It is therefore important to understand what supports these critical factors, how they are linked and how they contribute to a company's success.

Beyond the factors that transform the competitive environment, the interest of the relational paradigm is based on expected (and proven) economic results that enhance corporate performance. Let's briefly mention the impact of strategies geared towards customer satisfaction and loyalty on increased profitability (Kamakura et al., 2002, Anderson and Mittal, 2000) and the increased cost of competitors' offensive strategies. Although not all researchers are entirely of the same opinion (Reinartz and Kumar, 2000), several studies conclude that strategies geared to customer satisfaction lead to an increase in the customer satisfaction rate, a reduction in price elasticity and a positive impact on margins, a reduction in transaction costs, an increase in cross-selling, an improvement in reputation via customer recommendations, a higher economic return, etc. (Fornell, 1992, Anderson, Fornell and Lehman, 1994, Zeithaml, 2000). Fornell (1987) also demonstrates that it is more profitable to retain existing customers than to seek to gain market share or reduce costs. Reichheld (1996) reports that a 5% improvement in customer retention can have a 25% to 100% effect on company profitability. Rose (1990) also demonstrates that services purchased by a customer who has been with the company for 10 years are, on average, three times higher than those purchased from a customer who has been with the company for 5 years. The shift from satisfaction to loyalty as an important strategy is therefore justified when companies understand the impact on profitability of a loyal customer base.

The antecedents of loyalty are well known. Research in recent years has established the links between loyalty, satisfaction, trust, service quality, perceived value, etc. (Zeithaml, 2000, Cronin et al, 2000). According to Morgan and Hunt (1994), trust is key because it encourages the preservation of investment in the relationship through the cooperation of partners in the exchange. It enhances effectiveness, efficiency and productivity. It is built around two facets: firstly, trust in the behaviors of employees in contact during service delivery, and secondly, trust in the policies and practices that govern exchanges (Sirdeshmukh et al., 2002, Chiou et al., 2002). The essential skills needed to build customer trust in the company are: operational skills and the ability to meet customer expectations consistently, operational benevolence and the ability to place the customer's interests ahead of those of the company, and finally, the ability to resolve problems that

may arise during and after the service (Sirdeshmukh et al., 2002). Loyalty is therefore a reflection of corporate culture, processes and routines, and therefore an intangible asset.

The impact of loyalty on performance in a cooperative context

This question of the impact of loyalty on performance in a cooperative context was investigated in a survey of Desjardins caisses conducted in 2003. The model shown in Figure 1 was estimated from a database of 51 caisses³. The data required to answer this question was collected from caisse general managers (strategic profile and competitive position) and from the Fédération des caisses Desjardins (surplus, income, loyalty indicators⁴ and operational inputs).

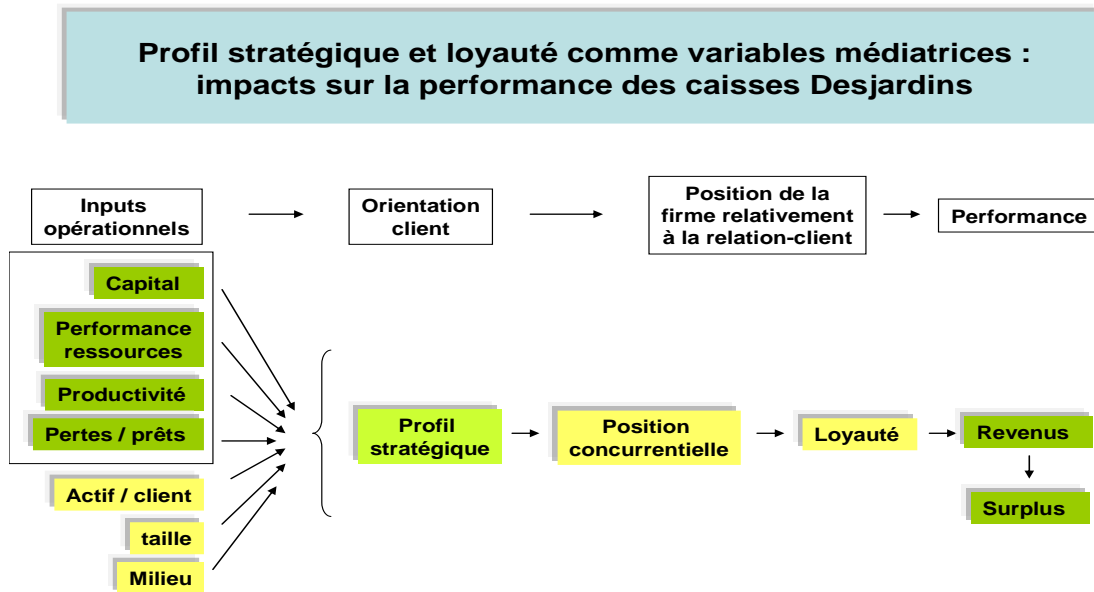
A structural equation analysis was carried out to validate the relevance of the model presented in figure 1. The statistical results show that the model is highly relevant in explaining the performance (income and surplus) of the caisses⁵. The various variables included in the model are all statistically significant, while the main hypothesis formulated was validated, i.e. the positive impact of loyalty on caisse revenues and surpluses, as well as its role in mediating strategic variables (strategic profit and competitive position) and operational inputs on caisse performance (revenues and surpluses). The direct influence of the loyalty factor is therefore highly significant. It also has an indirect influence, acting as a catalyst (mediation) for strategic profile and competitive position. The overall impact of loyalty on caisse performance proves to be highly significant.

³ A full analysis of this model can be found in Côté and Belhouari (2007).

⁴ Two indicators were selected for our analysis. The IN/OUT ratio captures the retention capacity of tax-deferred savings. The mortgage renewal rate is also taken into account. These two indicators reflect around 40% of loans granted and 30% of accumulated savings. Unlike the vast majority of loyalty studies, which use a customer intention measure (I intend to continue doing business with...), our loyalty measure is based on a caisse-wide result.

⁵ The validity indices evaluated to test the relevance of this model (CFI, NFI and RFI of 0.91) are greater than 0.90 and meet recognized standards (Bollen, 1989). The model also proved statistically significant (p-value of 99.9%) and highly effective in explaining the variance of the target variable (surplus), with an R² of 90%.

Figure 1



The statistical analysis carried out on this database supports the influence of loyalty on caisse performance. In a cooperative context, this model demonstrates the importance of the loyalty factor in strengthening the performance of Desjardins caisses. Thus conceptualized, loyalty can be seen as a strategic asset.

We can therefore formulate the hypothesis that any manager, faced with pressures on business models, will have to consider the development of loyalty-centered management. Such a management approach is likely to generate growth, profitability, a leadership position in markets, an enhanced reputation, etc. To these results, which are all favorable to the company's situation, we must add increased customer satisfaction, improved retention capacity and a lasting relationship. These are just some of the reasons that can motivate managers to embark on such a path.

The NPC from a customer-member perspective...via the concept of loyalty

To address the member-customer's interest in the cooperative, I have sought to investigate a number of issues from a relational and business perspective⁶. It's important to stress once again that the development of this NPC seeks to respond to the challenges associated with the identity crisis in which cooperatives are immersed. While this may not be the only

⁶ The statistical results presented in this section are based on a survey conducted in 2005 among 500 members of the 4 cooperatives participating in my action research (2 Desjardins caisses and 2 agricultural farm supply cooperatives). A total of 1,200 randomly selected members (300 per cooperative) were approached for the survey. The aim of this wide-ranging survey was to assess the quality of members' relationship with their cooperative. The questionnaire used covered all aspects deemed relevant in the abundant literature on the relational paradigm. To these components, a series of questions on the cooperative dimension was added.

basis for choosing a cooperative, the business aspect is certainly dominant⁷. Since we're talking about developing a relationship, the following questions are designed to shed light on what supports its foundations:

- What **importance does the member-customer attach to the cooperative?** If they say they have no attachment to cooperative status, it's unlikely that membership has any particular significance and that they'll want to invest in it.
- What do **member-customers expect from their cooperative?** To interest members in a privileged relationship with their cooperative, the latter must excel in meeting their expectations. It's also important to analyze member-customer expectations in terms of the foundations of loyalty.
- What **links** does the member make **between cooperative status and antecedents of loyalty?** In other words, does the member perceive advantages to cooperative status in terms of earning loyalty?
- What **attitudes and behaviors** can we anticipate from customers/members in a loyalty context?

a. The importance of cooperative status...

In order to verify the level of importance attributed to cooperative status, members were asked what importance they attached to it. Table 1 shows the results for each cooperative⁸.

Table 1: Importance of cooperative status (the cooperative status of ... is important to me)

	1 ^e coop	2 ^e coop	3 ^e coop	4 ^e coop
Average score (on a scale of 7)	5,89	5,47	5,29	5,91
Standard deviation	1,472	1,702	1,499	1,198
% of respondents with 6 or more	70%	65%	51%	71%
% of respondents with 5 or more	85,5%	74%	70%	83%

The results are very interesting. They demonstrate the importance that members attach to cooperative status. We note that for three of the four cooperatives, over 2/3 of respondents attach great importance (6 and + on a scale of 7) to cooperative status. Had respondents been required to indicate that they attached only marginal importance to cooperative status, it would certainly have been (more) difficult to envisage a genuine cooperative renewal, and to identify relevant incentives from the point of view of member-customers.

b. What's important to the member: expectations

⁷ It is always to meet an economic need that one becomes a user of a cooperative, whereas ownership is subordinate to this use. On the other hand, when the cooperative finds it increasingly difficult to stand out in a highly competitive environment, the "cooperative difference", which is easier to recognize in a context of abuse, loses its appeal, particularly when members are solicited by increasingly aggressive competitors. The business aspect is therefore gaining in importance. It is therefore necessary to demonstrate the relevance of a distinct relationship between the customer (member) and "his" cooperative.

⁸ Cooperatives 1 and 2 are Desjardins caisses, while cooperatives 3 and 4 are farm supply cooperatives.

The member survey was used to test the relative importance they attach to different aspects. The results are presented in Table 2. The (limited) choice of items selected is in line with the relational paradigm, which is consistent with our hypothesis that the "business" aspect is dominant in the relationship between the member and his cooperative.

Table 2 shows that three factors emerge from the factor analyses performed. The advantage of exploratory factor analysis is that it makes it possible to identify hidden dimensions to explain correlations between different variables. Structural correlations⁹ (factor loading) provide information on the contribution of each variable to the definition of the factor. A first, statistically significant factor groups together the dimensions of a business proposition deemed important by members. A second factor groups together the dimensions centered on the relational aspect, while the third factor highlights the dimensions relating to the benevolence shown by the cooperative towards its members. Structural correlation coefficients (factor loading) were all significantly high, confirming the convergence of items for each factor (3), while the relevance of factor analyses was validated (KMO and Cronbach's alpha above 0.70).

Table 2 also shows the means and standard deviations (in brackets) for each item (on a 7-point scale). The score obtained for each factor (summation of the items specific to each factor for each respondent) makes it possible to simplify the reading of the table and to compare the relative importance of the different factors to each other and between the members of the 4 cooperatives. For example, the results for the 1^e cooperative show that members give very high importance to the "business proposition" factor, with an average score of 6.33, while the "benevolence" factor scores 6.12, and the "relationship" factor 5.54. Despite the different contexts¹⁰, the pattern of responses and relative importance of the factors is identical from one cooperative to another.

Table 2: What does the member value?

	1 ^e coop	2 ^e coop	3 ^e coop	4 ^e coop
I- Business proposal foundations				
1. It's important for me to be listened to very carefully	6,32 (1,270)	6,15 (1,236)	6,28 (1,115)	6,56 (0,814)
Structure correlation coefficient	0,720	0,660	0,714	0,737
2. Prices (fees and rates) are important to me	5,98 (1,427)	5,84 (1,322)	6,20 (1,146)	6,25 (1,257)
Structure correlation coefficient	0,706	0,754	0,572	0,683
3. It's important to me that the caisse/cooperative is trustworthy .	6,48 (0,903)	6,37 (0,895)	6,38 (0,932)	6,43 (0,938)
Structure correlation coefficient	0,804	0,819	0,698	0,854

⁹ The factor loading coefficient evaluates the correlation between the original variables (questions asked in the survey) and the factor obtained, i.e. the importance of being listened to and the "business proposal" factor.

¹⁰ The 1^e cooperative is a medium-sized Desjardins caisse in a semi-rural setting, while the 2^e cooperative is a large urban caisse. The 3^e cooperative is a medium-sized agricultural cooperative, while the 4^e cooperative, also agricultural, is a large-scale farm supply cooperative.

NPC foundations: key players' perspectives

4. It's important for me to compromise easily	6,61 (0,742)	6,24 (1,058)	6,54 (0,812)	6,50 (0,924)
Structure correlation coefficient	0,757	0,655	0,861	0,826
5. It's important for me to get the best offer right from the start	6,50 (1,056)	6,23 (1,311)	6,54 (0,786)	6,35 (1,141)
Structure correlation coefficient	0,731	0,690	0,743	0,688
6. It's important to me that employees act with transparency	6,33 (1,034)	6,22 (1,192)	6,48 (0,942)	6,22 (0,916)
Structure correlation coefficient	0,769	0,840	0,521	0,760
Business proposition factor	6,33 (0,913)	6,14 (0,966)	6,39 (0,689)	6,38 (0,637)
KMO	0,858	0,851	0,705	0,806
Cronbach's Alpha	0,842	0,832	0,712	0,852

II- Relationship				
1. It's important for me to have shared interests with the caisse/cooperative.	5,29 (1,657)	4,78 (1,782)	5,32 (1,623)	5,26 (1,606)
Structure correlation coefficient	0,815	0,726	0,829	0,778
2. It's important for me to have a strong bond with my caisse/cooperative employees.	5,02 (1,935)	4,40 (1,899)	5,15 (1,647)	5,27 (1,572)
Structure correlation coefficient	0,813	0,721	0,790	0,795
3. It's important to me that the caisse/cooperative is committed to developing a relationship with me.	5,77 (1,487)	5,60 (1,440)	5,74 (1,412)	5,90 (1,329)
Structure correlation coefficient	0,891	0,810	0,825	0,847
4. It's important for me to be treated as a partner	5,88 (1,451)	5,80 (1,243)	5,94 (1,356)	6,14 (1,255)
Structure correlation coefficient	0,872	0,825	0,806	0,824
5. It's important for me to maintain a long-term relationship with the caisse/cooperative	5,69 (1,572)	5,20 (1,859)	5,62 (1,522)	5,79 (1,407)
Structure correlation coefficient	0,716	0,820	0,274	0,755
Relationship factor	5,54 (1,348)	5,15 (1,354)	5,59 (1,299)	5,60 (1,237)
KMO	0,784	0,740	0,770	0,792
Cronbach's Alpha	0,880	0,840	0,762	0,859

III- Benevolence				
1. It's important to me that my needs are anticipated	5,63 (1,531)	5,39 (1,720)	5,64 (1,288)	5,78 (1,572)
Structure correlation coefficient	0,749	0,673	0,718	0,689

2. It's important to me that the caisse/cooperative lives up to its promises.	6,33 (1,130)	6,17 (1,080)	6,44 (0,998)	6,37 (2,173)
Structure correlation coefficient	0,807	0,865	0,694	0,856
3. It's important to me that the caisse/cooperative values people over profit.	6,35 (1,057)	6,08 (1,264)	6,12 (1,058)	6,15 (1,118)
Structure correlation coefficient	0,831	0,831	0,505	0,761
4. It's important to me that the caisse/cooperative shows a genuine interest in me , even after the transaction.	6,26 (1,178)	6,23 (1,001)	6,36 (0,878)	6,33 (1,021)
Structure correlation coefficient	0,877	0,813	0,753	0,865
Goodwill factor	6,12 (1,046)	5,96 (1,075)	6,11 (0,764)	6,10 (1,063)
KMO	0,785	0,773	0,685	0,765
Cronbach's Alpha	0,833	0,808	0,592	0,804

From this table, we can see that members attach great importance to a business proposition built on delivered value (best offer from the outset, ease of doing business and price), trust, transparency and listening. These aspects of the business proposition are fully in line with the antecedents of loyalty, and require an ability to meet customer expectations consistently. The 2^e factor reflects the importance to be attached to benevolence, i.e. the ability to put the customer's interests first (meeting promises, valuing people before profit, and demonstrating genuine interest in the customer before, during and after the transaction). Note the reduced importance given to anticipating needs. Although the relationship factor remains significant, we note that members attach less importance to it than to the first two factors mentioned.

What can we learn from this analysis? The ability to deliver a business proposition is at the top of the member's expectations, but the ability to put his or her interests first (benevolence) is also of great importance, while the importance attached to the relationship with the cooperative is more mixed, particularly with regard to shared interests and the complicity between the member and his or her cooperative. The very high importance attached to the business proposition and benevolence confirms the priorities identified in research on the theme of loyalty (Morgan and Hunt, 1994, Sirdeshmukh et al, 2002, Chiou et al, 2002).

c. Perceived links between cooperative status and antecedents of loyalty

From the first two tables, we can see that members attach great importance to cooperative status, as well as to the foundations of loyalty. But what about the links between the two? To answer this question, the results in Table 3 tell us about members' perceptions of the relationship between cooperative status and the antecedents of loyalty.

Table 3 presents the results of the exploratory factor analyses for the four cooperatives. These results support the existence of a single factor among the selected items. The very

high quality of the factor analyses (one for each cooperative) is clearly demonstrated by the KMO measures close to or above 0.9. The reliability of the factor measurement is validated with a Cronbach's alpha of 0.929 and above for all four cooperatives (above 0.7). In addition, the structure correlation coefficients are very high (factor loading).

As the 7 items selected are all related to loyalty history, while respondents were asked to associate the impact of cooperative status with them, I have called this factor "loyalty history and cooperative status".

Table 3: Members' perception of the antecedents of loyalty... "because it's a cooperative".

Loyalty history and cooperative status	1 ^e coop	2 ^e coop	3 ^e coop	4 ^e coop
1. The fact that ... is a cooperative, owned by its members, makes it more responsive to my needs.	5,54 (1,606)	4,78 (1,863)	5,00 (1,684)	5,38 (1,422)
Structure correlation coefficient	0,940	0,938	0,903	0,860
2. The fact that ... is a cooperative, owned by its members, allows it to better understand my needs.	5,48 (1,676)	4,70 (1,879)	4,86 (1,757)	5,34 (1,439)
Structure correlation coefficient	0,973	0,930	0,926	0,884
3. The fact that ... is a member-owned cooperative enables it to offer products and services more in line with my needs.	5,50 (1,690)	4,77 (1,876)	5,03 (1,603)	5,38 (1,375)
Structure correlation coefficient	0,963	0,936	0,916	0,908
4. I'm more inclined to develop a long-term relationship with ... due to the fact that it's a member-owned cooperative.	5,54 (1,725)	5,15 (1,803)	4,91 (1,812)	5,47 (1,434)
Structure correlation coefficient	0,933	0,796	0,902	0,916
5. I trust ... more easily because it's a member-owned cooperative	5,41 (1,798)	4,96 (1,869)	4,67 (1,809)	5,27 (1,595)
Structure correlation coefficient	0,951	0,874	0,917	0,851
6. ... stands out for its values (ethics, integrity, equality, universality and accessibility...) compared to its main competitors	5,42 (1,633)	4,80 (1,826)	4,81 (1,716)	5,37 (1,394)
Structure correlation coefficient	0,917	0,888	0,386	0,848
7. ... distinguishes itself through its business practices (more focused on member needs and satisfaction than on profitability...) compared to its main competitors	5,34 (1,468)	4,51 (1,739)	4,73 (1,701)	5,25 (1,284)
Structure correlation coefficient	0,823	0,816	0,888	0,877

Measurement of the " antecedents of loyalty and cooperative status " factor	5,46 (1,536)	4,84 (1,645)	4,85 (1,554)	5,35 (1,245)
% of respondents with 6 or more	43%	23%	24%	35%
% of respondents with 5 or more	66%	52%	48%	60%
KMO	0,930	0,893	0,922	0,898
Cronbach's Alpha	0,973	0,953	0,929	0,950

To take a closer look at this relationship, Table 4 shows the scores obtained for the loyalty factor¹¹ for each cooperative. The correlation coefficient between the factors "antecedent loyalty and cooperative status" and "loyalty" is also calculated. We observe a strong, statistically significant correlation between these two factors, allowing us to put forward the hypothesis that the stronger the loyalty to the cooperative, the stronger the member will perceive the impact of cooperative status on the antecedents of loyalty¹².

Table 4: "antecedents..." and loyalty factors, mean, standard deviation and correlation

	1 ^e coop	2 ^e coop	3 ^e coop	4 ^e coop
Measurement of the " antecedents of loyalty and cooperative status " factor	5,46 (1,536)	4,84 (1,645)	4,85 (1,554)	5,35 (1,245)
Measuring the loyalty factor	5,85 (1,227)	5,26 (1,605)	5,15 (1,260)	5,44 (1,10)
Correlation coefficient between the "background and cooperative status" factor and the loyalty factor	0,610**	0,585**	0,675**	0,615**

** indicates that the correlation coefficient is significant at 99.9%.

What can we learn from the customer-member relationship in terms of loyalty and cooperative organization?

- The impact of cooperative status on the antecedents of loyalty varies according to the member's level of loyalty.
- A significant % of members positively perceive the impact of cooperative status on antecedents of loyalty. This means that a minimum of 50% (+/-) of members agree with the statement that cooperative status is positively correlated with antecedents of loyalty.

¹¹ This factor was measured, on a scale of 1 to 7, using the following questions: (1) this cooperative deserves my loyalty, (2) my loyalty to this cooperative has increased over the past year, (3) if the opportunity arose, I would choose this cooperative again, (4) I have already recommended this cooperative, (5) I expect to continue doing business with this cooperative in 2 years' time, (6) I expect to continue doing business with this cooperative in 5 years' time. The various factor analyses carried out on the data collected from members of the 4 cooperatives are all highly statistically significant, and therefore support the existence of a "loyalty" factor.

¹² The causal analysis of this relationship will require further study using structural equation estimates.

d. Attitudes and behaviors of customer-members in a loyalty context

Let's take a look at members' attitudes and behaviours towards participation and cooperation. Table 5 presents the results of the survey dealing with member-customers' predisposition to cooperate and participate in the delivery of their cooperative's service offering. This part of the survey is based on the principle of reciprocity, whereby once a company has earned the loyalty of its customers, the latter are encouraged to cooperate and participate in improving the service offer deployed (Bettencourt, 1997, Bitner et al, 1997). These attitudes and behaviors are observed regardless of the company's status.

The questions posed to customer-members of the four cooperatives were borrowed from the literature. They are therefore more generic and not specifically aimed at cooperatives. They are, however, very useful in bringing us full circle to the question of incentives to cooperate and participate, generated by loyalty management¹³.

Table 5 - A: Member cooperation and participation in a loyalty context¹⁴

<u>Participation factor</u>	1 ^e	2 ^e	3 ^e	4 ^e
	coop	coop	coop	coop ¹⁵
1. If an employee at ... gives me good service, I let him know.	6,02 (1,305)	5,63 (1,646)	5,62 (1,379)	6,05 (1,171)
Structure correlation coefficient	0,696	0,532	0,661	...
2. I let ... know how they can best serve my needs	4,88 (1,769)	4,40 (1,948)	4,99 (1,559)	5,37 (1,516)
Structure correlation coefficient	0,900	0,871	0,823	...
3. I provide constructive suggestions on how to improve service	4,04 (1,958)	3,70 (2,076)	4,46 (1,734)	4,86 (1,641)
Structure correlation coefficient	0,838	0,875	0,879	...
4. As far as possible, I would be willing to perform certain simple tasks to enable the employees of ... to offer me a better quality of service.	5,61 (1,580)	4,87 (2,121)	5,65 (1,545)	5,83 (1,267)
Structure correlation coefficient	0,478	0,549	0,633	...

¹³ It is important to note, however, that these issues of participation and cooperation will need to be explored in greater depth.

¹⁴ The factor analyses carried out to construct the "participation" and "cooperation" factors do not have the same level of quality as the previous ones (KMO greater than 0.70). They remain acceptable, however, as they exceed 0.60.

¹⁵ Structure correlation coefficients are not presented for this 4^e cooperative because the factor analysis was unable to identify a single factor based on the 4 items tested. Nevertheless, I have presented the results (means and standard deviations) for each question and constructed a "participation factor" score for comparison purposes for the 4 cooperatives. The statistical results are therefore not significant for this cooperative with regard to the participation factor.

Participation factor	5,22 (1,225)	4,79 (1,434)	5,19 (1,19)	5,60 (0,967)
KMO	0,657	0,601	0,698	0,508
Cronbach's Alpha	0,715	0,679	0,747	0,572

Table 5 - B: Member cooperation and participation in a loyalty context

<u>Cooperation factor</u>	1 ^e coop	2 ^e coop	3 ^e coop	4 ^e coop
1. ... My relationship with ... deserves that I make a <u>significant effort</u> to maintain it.	5,33 (1,582)	4,75 (1,910)	5,19 (1,488)	5,40 (1,391)
Structure correlation coefficient	0,654	0,623	0,627	0,595
2. The employees of ... have my <u>full cooperation</u> . I do what I can to <u>facilitate their work</u> .	6,21 (0,963)	5,96 (1,292)	5,95 (1,050)	6,13 (0,910)
Structure correlation coefficient	0,857	0,810	0,827	0,811
3. <u>I inform</u> ... promptly of any changes in my financial situation that may affect my relationship with them	6,02 (1,301)	5,63 (1,646)	5,23 (1,811)	5,42 (1,776)
Structure correlation coefficient	0,579	0,678	0,764	0,531
4. I respect <u>the rules and procedures</u> of ...	6,53 (0,788)	6,56 (0,719)	6,05 (1,180)	6,19 (0,963)
Structure correlation coefficient	0,863	0,716	0,777	0,825
Cooperation factor	6,04 (0,861)	5,74 (1,085)	5,59 (1,073)	5,81 (0,901)
KMO	0,635	0,672	0,712	0,632
Cronbach's Alpha	0,727	0,667	0,741	0,645

Tables 5 A and B show a higher score for the cooperation factor than for the participation factor. It should be noted that the items selected for the participation factor are more proactive, and therefore more demanding from the customer-member's point of view, compared with the items for the cooperation factor, which have a more reactive profile.

Table 6 sheds important light on the influence of loyalty on participation and cooperation, as presented above. This last table is based on a cluster analysis ⁽¹⁶⁾ that takes into account the loyalty factor (results presented in Table 4) and the two participation and cooperation factors.

Table 6: Cluster analysis based on loyalty, cooperation and member-customer participation factors

¹⁶ This type of analysis enables us to identify respondents with similar profiles. Classes are thus made up of homogeneous groups (clusters).

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1° cooperative			
	Class 1	Class 2	Class 3
Loyalty factor	6,57	5,43	4,05
Participation factor	5,81	3,87	6,11
Cooperation factor	6,40	5,40	6,09
% of respondents / class	53%	33%	14%

2° cooperative			
	Class 1	Class 2	Class 3
Loyalty factor	6,48	4,23	3,24
Participation factor	5,31	3,33	5,88
Cooperation factor	6,31	4,85	5,46
% of respondents / class	54%	31%	15%

3° cooperative			
	Class 1	Class 2	Class 3
Loyalty factor	6,17	4,56	3,76
Participation factor	5,84	5,22	3,58
Cooperation factor	6,25	5,60	4,05
% of respondents / class	49%	30%	21%

4° cooperative			
	Class 1	Class 2	Class 3
Loyalty factor	5,93	5,10	3,58
Participation factor	6,11	4,31	5,46
Cooperation factor	6,26	4,99	4,99
% of respondents / class	64%	24%	12%

The validity of the classification analyses in Table 6 (not reported here) are all highly significant, with a p-value of 0.000.

Although a causal analysis¹⁷ will have to be carried out to investigate this result further, we note that the average score (on a scale of 7) for the first class is significantly higher (and statistically different) for all three factors when compared to classes 2 and 3. An important hypothesis therefore emerges from this result, i.e. the more loyal a member feels to their cooperative, the more likely they are to participate and cooperate. On the basis of this hypothesis, we can argue that a cooperative with the necessary skills to earn the loyalty of its members, will be able to rely on reciprocal behavior leading the latter to greater participation and cooperation. Finally, we can see that 50% (and more) of members are in the first class, demonstrating a strong attitude to participation and cooperation. This result is highly significant, and demonstrates the potential for participation and cooperation. However, this potential needs to be explored and developed further. Given the strategic stakes involved in involving customers in the design and delivery of the

¹⁷ Bettencourt (1997) validates the hypothesis that loyalty is an antecedent of the cooperation and participation behaviors presented here.

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service offering (this is true for all businesses), cooperatives have a major potential advantage, given the large core of members already inclined to cooperate and participate.

Back to the NPC: key players' perspectives

We've just seen that it's possible to align the incentives of both managers and members when we exploit the link between loyalty and cooperative identity.

Market transformations are increasingly bringing the concept of customer and employee loyalty to the fore. What's more, a wealth of research into the relational paradigm and loyalty has shed light on its main foundations and its impact on business results. The link between loyalty and market leadership is increasingly recognized. In such a context of increased pressure on business models (including cooperatives), managers will be increasingly invited (pushed) to adopt business practices converging with the desire to earn their customers' loyalty. The convergence between the foundations of the cooperative identity and the foundations of loyalty management therefore enables us to approach this identity as a strategic resource, potentially a source of competitive advantage. Given the competitive environment in which cooperatives find themselves in the 21^e century, managers have an incentive to develop a strong cooperative identity.

From the customer-member's point of view, the incentives to cooperate and participate can also be identified from the concept of loyalty. Firstly, it was shown that customer-members have a strong interest in cooperative status, regardless of context. In addition, an analysis of their expectations highlights the importance of a high-quality business proposition and a benevolent attitude towards the customer-member. The relational factor occupies a lesser, albeit significant, importance in the scale of expectations. The recognized expectations are in line with the findings of studies on the antecedents of loyalty. In addition, surveys of members in all four cooperatives show a favorable perception, on the part of members, between cooperative status and antecedents of loyalty. Finally, we observed that the more loyal members were to the cooperative, the greater their incentive to cooperate and participate. As in the case of managers, we can put forward the hypothesis that customer-members may be encouraged to become involved in the NPC from a member perspective, insofar as their cooperative knows how to earn their loyalty. This will be followed by cooperative and participatory behavior based on voluntary reciprocity.

Conclusion

The traditional cooperative perspective revolves around the emergence of cooperatives as a reaction to market imperfections (monopolies, asymmetric information, absence of market, etc.). The structural changes observed are weakening cooperative rules and plunging them into an identity crisis, with key players finding it difficult to adopt coherent behaviors based on the distinct logic of action specific to this mode of organization. While market conditions are weakening the cooperative identity, new emerging rules are creating the conditions for the development of a new cooperative paradigm. From this perspective, cooperative values and principles become key foundations for building a loyalty-centered organization.

Historically, we found cooperation and participation at the beginning of the "logic of cooperative action" process. The idea was to build cohesion between a group of people on the basis of shared values, objectives and resources, in order to create a (cooperative) enterprise, a solution to the problems shared by the association of members.

Today, in mature cooperatives, cooperation and participation appear more at the end of the process. Management and business practices are the key factors, while member loyalty (which has to be earned) leads to voluntary reciprocal attitudes and behaviors where cooperation and participation can manifest themselves. These attitudes and behaviors are a potential source of economic efficiency and competitive advantage.

All these implications conceal a strategic potential of great relevance in the competitive context of the 21st^e century.

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