

## THE ROLE OF SOCIO-CULTURAL IN RELATIONSHIP MARKETING: CASE FINDINGS ON FARMERS IN WEST JAVA

***Muchlis Ahmady***

Graduate School of Management and Business, Bogor Agricultural University, Indonesia

***Ujang Sumarwan***

Department of Family and Consumer Sciences and Graduate School of Management and Business,  
Bogor Agricultural University, Indonesia

***Budi Suharjo***

Department of Mathematics and Graduate School of Management and Business,  
Bogor Agricultural University, Indonesia

***Agus Maulana***

Graduate School of Management and Business, Bogor Agricultural University, Indonesia

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### **Abstract:**

This paper studies the revelation of human relationships that drive the marketing activities of agricultural products, the producers (farmers and ranchers), collectors, dealers and the modern market, which focuses on the producers of agricultural products (vegetables, fruits and chicken pieces) in West Java Jakarta and surrounding areas, research only limited investigating the relationship between sellers and their suppliers, not the relationship between the seller (the traditional markets, modern market) with the end consumer.

The research was conducted in West Java and Jakarta and its surrounding areas with the implementation in November 2010 to January 2011. Site selection is done on purpose (purposive) on the grounds in West Java and Jakarta and its surroundings have a sufficiency objects to be studied about the manufacturer, supplier and retailer for agricultural commodities.

In this study involving 205 respondents as a source of information that consists of four business groups of the modern market by 18 respondents (8.79%), vegetables by 84 respondents (40.97%), and fruits totalling 50 respondents (24, 39%), and the chicken pieces as much as 53 respondents (25.85%). In data collection conducted through face-to-face interviews, each respondent was instrumental in accordance with its position in the business chain, such as manufacturer, suppliers or retailers. Especially for the respondent retailers, they are managers or management of a modern market primarily responsible for the procurement of commodities.

Analytical methods to be used include Descriptive Analysis and Structural Equation Model (SEM). Descriptive analysis aims to obtain an overview of the characteristics of the respondent (respondent relations and behavioural profile of research). Processing is done using frequency analysis and cross tabulation analysis, while SEM is used to validate the built model.

The results revealed that long-chain trading system that occurs not only because of economic factors alone, but discovered the existence of socio-cultural involvement in decision-making system of trading activity. Trading system that occurred more informal, in the sense that there are no rules as a guide, the factor of trust and commitment between actors trading system is crucial in encouraging the emergence of shared values that motivated the early emergence of cooperation. Performance of the three aspects will be the basis for decision-making as well as a selection for the establishment of long-term cooperation of mutual benefit both financially and socially. Future research should be pursued to investigate the direct influence of relational benefits for the trust, commitment and shared values. Therefore, this research theme will be more developed and interesting to do further research if there are other important factors that could affect the partnership.

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**Key Words:** Relationships marketing, commitment, trust, cooperation, shared values, Social Cultural.

## Introduction

Indonesia is a hugely diverse nation made up of over 17,500 islands with 33 provinces, which are home to over 300 ethnic groups, each province has its own language, ethnic make-up, religions and history. Most people will define themselves locally before nationally. In addition there are many cultural influences stemming back from difference in heritage. Due to the diverse nature of Indonesian society there exists a strong pull towards the group, whether family, village or island. People will define themselves according to their ethnic group, family and place of birth. The family is still very traditional in structure and family members have clearly defined roles and a great sense of interdependence

Java is the most densely populated island and is divided into three provinces with 61% of the population of Indonesia, in which West Java is the province with the highest population of 41 million (18.1%) and East Java provinces with 37.5 million inhabitants (15.8%), while the province of Central Java, 32.4 million people (13.6%). As the province with the largest population in Indonesia, West Java, a region with diverse cultures and local languages or dialects, and is characterized in contrast to the identity of the two urban communities who mostly live in the Greater Jakarta and traditional peoples living in the countryside.

It reflects a fraction of the facts of cultural diversity in Indonesia to the characteristics and customs that differ from one another. How they interact and what kind of social relationships occur and then may continue the business relationship is an interesting thing to note. In Indonesian people, quite a lot of social value (social capital) as the culture of mutual aid, institutional outcomes, various forms of local knowledge (local wisdom) possessed all the ethnic and may be developed as part of the culture of the modern economy.

Social capital has been proven by history as an important mechanism in their efforts to achieve economic growth and equitable society. Therefore, the economic empowerment of the people and role of social capital becomes very important to note (Mawardi, 2007). Agribusiness market has vast dimensions, both as a site of interaction between supply and demand of agriculture products (goods or services), the transactions and agreements ranging from the value, quantity, product specifications, mode of delivery, acceptance and payment, as well as the transfer of ownership of goods. Agribusiness marketer is someone who is looking for products or services then offer or sell it to another party or to the final consumer, on this basis agribusiness marketers can serve as a buyer and / or seller.

Some researchers say the study of agricultural trade system from the standpoint of economic science only reveal the shape and structure of the marketing chain, prices and fluctuations, cost and margin trade system, the integration of markets, market efficiency, marketing effectiveness, transmission rates, and others. Meanwhile, human activity is involved in moving the little researched and written, that is the actor who drive the flow of goods from the downstream to upstream.

Farming communities as major stakeholders in the process of production in the agricultural sector has not been much enjoyed encouraging results, especially from the aspect of income and welfare. Although the government has given great attention to this sector, it is thought caused there is no price guarantee of agricultural products, while agribusiness development by a partnership between employers and farmers / groups farmers have not developed as expected.

The extent to which the role of social aspects in colouring behaviour and marketing relationships between actors in the agricultural sector, and what factors are the key to the occurrence of a partnership and cooperation as well as a guarantee of continuity is not widely expressed quantitatively. Socio-cultural differences can be accounted for in the five dimensions of culture (Hofstede, 2001). These dimensions consist of: (1) individualism / collectivism, (2) uncertainty avoidance, (3) power distance, (4) masculinity / femininity, and (5) long-versus short term orientation. In accordance with the environmental survey done then focus on the first dimension is the dimension of individualism / collectivism describes the relationship between individual and collectively that can be found within a given society. While this relationship is reflected in how people live together, it is also related to social norms and value system related programming will therefore affect the individual's mental and guide their behaviour. While individuals who are part of the culture with a more collectivist system and direct their behaviour toward value oriented collective goals. Therefore, an attempt to determine patterns of relatedness (causal models) among agribusiness relationship based marketing approach becomes very crucial. This is not only intended to reveal the values that become

the key marketing relationships between actors, but also the values that a guarantee sustainability and future development of quality relationships.

Relationship Marketing or Customer Relationship is an approach that involves all actors in a marketing system, as well as reviewing various values of the reference or the key factor that links between actors in the system. In implementation, relationship-based marketing effort tracing the involvement of all actors and activities related to the marketing mix, where the consumer or customer is placed at the centre of the overall marketing activity (Palmatier et al. 2006, Brady and Roehm, 2007, Gregoire et al. 2009, and Fournier, 2002).

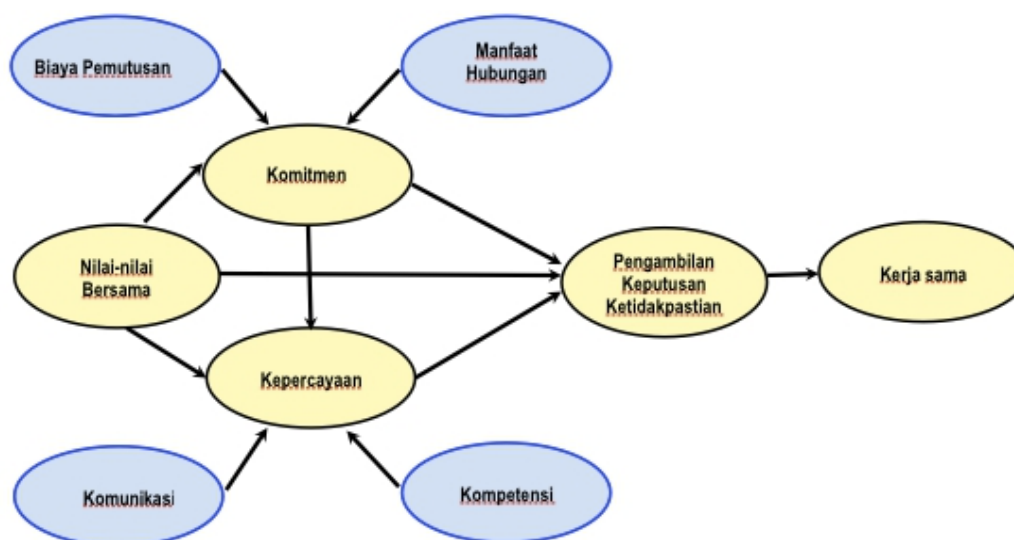
In Indonesia, relationship marketing in agribusiness case has not been widely studied, especially if not be said to be very rare. Meanwhile, the entities which act a role in moving (marketing) of agricultural commodities including growers, collectors, wholesalers, dealers, wholesalers and retailers (Kuma'at, 1992). According to Irawan et al. (2001), lack of harmony of the relationship between agribusiness that occur frequently due to the absence of equality of bargaining power between actors that have an impact on the imbalances of profit margin obtained as well as the difficulty for farmers get the fair price. The problems that arise in the marketing system of agricultural commodities, among others: marketing activities or trading system that has not run efficiently, so the absence of a fair wage.

Therefore, efforts to determine the pattern of agribusiness linkages with relationship marketing approach and how the socio-cultural influences become very crucial, given the close relationship and the relationship between prices, production and trading system, each has a crucial role and influence each other. This is not only intended to reveal the values that become the key marketing relationships between actors, but also the values of sustainability guarantee and the future development of relationships quality. Therefore, in the second part we submit the data and methodology used, then we submit the results and discussion in section three and in the end we give concluding remarks.

#### **Data And Methodology**

The research was conducted in West Java and Jakarta and surrounding areas, site selection is done on purpose (purposive) on the grounds in West Java and Jakarta and its surrounding have been studied regarding the adequacy of the object that producers and traders (collectors, wholesalers, dealers, wholesalers and retailers) in agricultural commodities. The study involved 205 respondents as a source of information. Respondents are decision makers or the company management (producers of agricultural commodities or livestock) and traders of fruits, vegetables, and chicken broilers.

Conceptual framework used in this study based on the model Morgan and Hunt (1994) theory of trust and commitment as home base, then from the concept model was developed by some of the results of previous studies such as (1) Trust and Commitment in Collaborative Business Relationships involving the Company in New Zealand (Palakshappa and Gordon, 2005), (2) Understanding the role of relational capabilities in relation to the buyer and seller (Smirnova and Kushch, 2006), (3) belief in the relationship between private buyers and sellers in the B2B (Akroun and Akroun, 2007), (4) the conceptual model for the retailer and vendor relationships based on trust and commitment theory (Smith, 2008), and (5) a direct relationship of trust and commitment among the sellers, distributors, and customers (Wang, 2009).



**Figure 1.** Conceptual Model Research

From the model above can be explained that: trust and commitment are the foundation of a business relationship. This implies a power base to stimulate the emergence of shared values that will strengthen the decision-making uncertainty. A bond of trust and commitment between partners relating signifies that would work in a mutually beneficial long term and build a positive foundation to a productive relationship. When viewed the relationship between trust and commitment fully it will increase the chances of a long-term cooperation or a strategic partnership to achieve a goal that can deliver value and profit for the company and its partners.

Trust is the basic attitudes and expectations of both parties who will partners. The trust not the things that appeared out of nowhere, but it was built by the competence and communication abilities of the parties to the partnership. This is consistent with the findings of Malecki and Tootle (1996) which says that trust requires a personal relationship that goes beyond an individual contact, and reinforced by face-to-face relationship, while the benefits of the relationship and termination costs to build a commitment, which requires long-term benefits that a relationship should be maintained and enhanced in order to fulfil the promises given.

Indicator variables are used to explain each latent variable and its source in detail described in appendix 1. There are 33 indicators variables measured by ordinal scale with 5 strata, where each stratum has a label to reinforce the strata (Lickert).

In accordance with the conceptual model that has been described, it is to predict the value of the model coefficients that indicate the degree of influence of each latent exogenous variable to endogenous latent, as well as the magnitude of the contribution of each indicator variable on its latent variable used rule Structural Equation Model (SEM). SEM is basically aimed to confirm the conceptual model of the characteristics of the population (Suharjo and Suwarno, 2002). SEM analysis is an analysis based on Confirmatory Factor Analysis (CFA), a method that combines correlation analysis, regression analysis, traffic analysis and factor analysis (Suharjo, 2002).

Modelling carried out in accordance with the modelling step Suharjo (2007), as follows:

- Development model, at this stage is to analyse the principle of causal relationships between exogenous and endogenous variables, as well as checking the validity and reliability study.
- Convert the cross diagram, this diagram serves to show the flow of a causal relationship between exogenous and endogenous. To see the flow of causal relationships created several models were then tested using SEM to obtain the most appropriate model with the criteria Goodness of Fit, and convert it into Eel Cross Diagram.
- General model equation:

$$\begin{aligned} \text{Measurements: } y &= \Lambda_y \eta + \varepsilon \\ x &= \Lambda_x \xi + \delta \\ \text{Structural: } \eta &= \mathbf{B}\eta + \Gamma\xi + \zeta \end{aligned}$$

- Determining the type of input matrix, in this study used the covariance matrix, because the purpose of the analysis is to test a model that has a theoretical justification.
- Identification of Model, problems that often arise in the structural model is the estimation of parameters can be Un Identified or Under Identified causes estimation process does not produce a unique probe and the model can not be trusted. Symptoms appear a problem of identification include: There are standard error of the parameter estimators that are too large, the inability of the program presents a matrix of information that should be presented, parameter estimation can not be obtained, figures emerged a range of negative error, and there was a high correlation -1 or 1.
- Criteria for Determination of Suitability Model, to obtain valid analytical results required several assumptions in parameter estimation and hypothesis testing. Assumption of parameter estimation and hypothesis testing include, among observational units are independent, the data are a random sample of the population and the pattern of all linear relations among variables. SEM analysis is very sensitive to the distribution of data so that major deviations to the multi normal will affect the Chi-Square test. Suitability of the model the indices mentioned above must meet the following criteria;

Size suitability	The suitability of acceptable levels
<i>Chi-square</i> ( $\chi^2$ )	The smaller the better. Used small <i>chi-square</i> value so that Ho : $\sum = \sum(\theta)$ , is not rejected
Probability	$\geq 0,05$
AGFI	The higher value more better. AGFI $\geq 0,90$ is <i>good fit</i> , $0,80 \leq \text{AGFI} < 0,90$ is a <i>marginal fit</i>
RMR	Residual average between the observed matrix and the estimation result. RMR $\leq 0,05$ <i>good-fit</i>
RMSEA	Average difference per <i>degree of freedom</i> is expected to occur in the population and not in the sample. RMSEA $\leq 0,08$ is a <i>good fit</i> , RMSEA $\leq 0,05$ is a <i>close fit</i> .

- Interpretation and Modification Model, if the model is good then the model can be interpreted, but if not, whether modifications need to be done. Modifications can be made when there is a significant change with the support of empirical data.
- Additionally Construct Reliability and Construct Validity also calculated respectively with the following formula:

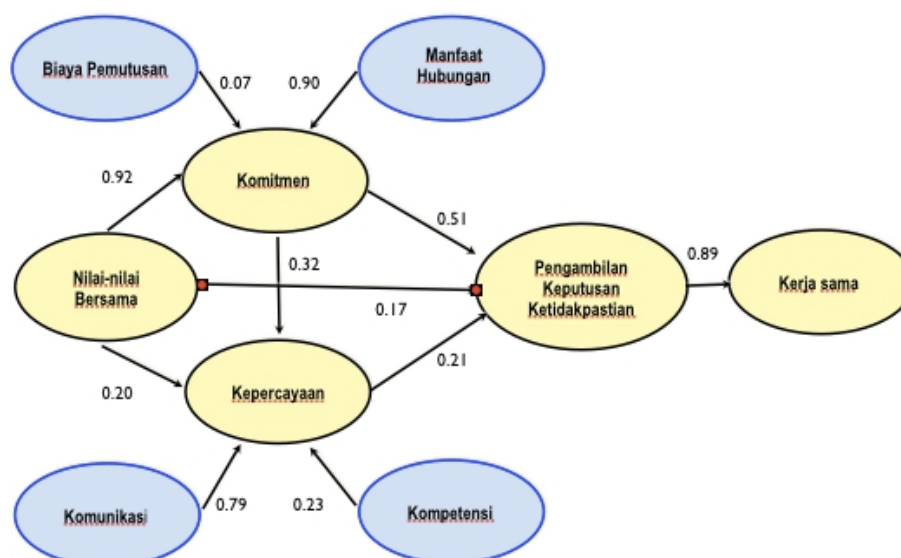
$$CR = \frac{\sum \lambda_i^2}{\sum \lambda_i^2 + \varepsilon_i} \quad \text{And} \quad CV = \frac{(\sum \lambda_i)^2}{(\sum \lambda_i)^2 + \varepsilon_i}$$

- The software used in SEM analysis is LISREL 8.7. While the methods used in estimating the coefficient is unweight least squares (ULS).

## Results And Discussion

This section describes the pattern of linkages that occur among the factors thought to play a role in building a relationship based on the marketing of agricultural commodities. Initial stage is to conduct sub model analysis of relationship marketing. In terms of the SEM stage is referred to as the reliability of testing the measurement model. The goal is to determine the ability of each indicator in explaining the latent variables. To determine whether a set of indicators capable of explaining the latent variables, will be used reliability and construct validity of measurement. In this regard Hair et al. (2006) states that a construct is said reliable if the construct reliability (CR) not less than 0.7, or the construct validity (CV) is less than 0.5. While Joreskog et al. (1996) provide a simpler requirement, namely the value of the variable indicator coefficient (lambda) is the standardized value of minimum 0.5.

Based on structural models have been proposed, then the coefficients of the model to determine the value or contribution of each latent exogenous variables to endogenous latent coefficient estimate done by using the rules Unweight Least Square (ULS). The results of the model coefficient estimates that states the influence of each latent variable to the latent endogenous and exogenous contributions to the latent variable indicators presented respectively in Figure 2 below:



**Figure 2.** Coefficient Structural Equation Model relationship marketing

The results of estimation and testing of the structural model shows that the value  $p$ -value = 0.000 and RMSEA = 0073. That is, the overall empirical model can be accepted in accordance with the criteria required by Joreskog et al. (1996), although the  $P$ -value less than 0.05. From this it can be concluded that the coefficients of the model can be used as a probe the contribution or influence of latent exogenous variables to endogenous latent.

To elucidate the structural model will be discussed in stages with the expectation relationship or causal processes that occur between the latent variables can be explained in detail as follows:

#### **Shared values**

Sets of aspects that underlie the establishment of cooperate between the entities. One of the main aspects of shared values, according to Fukuyama (1995) is a trust. Aspects of trust that exist on both sides who will partner will deliver them to formulate goals and benefits of cooperation are compatible or agreed upon. In this study, shared values represented by three indicator variables, namely:

- a. Enhance the image of the company (U1)
- b. Enhance the mutual benefit financially (U2)
- c. Enhance mutual trust with (U3)

The three indicators used to describe the shared values have a relative different degree of agreement. In a separate effort to increase mutual trust has a level of agreement (agree and strongly agree) the highest, while enhancing the image of the company or business entity is relatively low. Although information on the level of agreement of each indicator can be read independently, but explains the latent variables can not be done independently because of the correlation aspect between the indicator variables to each other. In addition, sequential effects are contained in a set of indicators in explaining the latent variables. Therefore, to clarify the contribution of each variable used indicator measurement model based on Confirmatory Factor Analysis (Joreskog et al.1996).

To determine the performance or contribution of each of these indicators in explaining its latent variable, and then use the rules of Unweight Least Squares (ULS) in the SEM is intended to estimate the value of the coefficient of the measurement model. Results of analysis of the measurement model of shared values indicate that the three indicators used have a level of reliability (CR = 0.64) and adequate validity, although slightly below 0.7, but the value of CV = 0.51 and the coefficients of the indicator exceeds 0.5. The results of this analysis show that trust is an indicator of shared values that are important as a basis for establishment of cooperation, in which the value of the coefficient is 0:57 and the significance of test results of T with values above 1.96 T test ( $\alpha = 0.05$ ). This study shows that the mutual benefit financially have a greater contribution as a foundation of cooperation between parties with a coefficient value of 0.67. While for the coefficient of image enhancement, the amount is equivalent to a 0:57 or belief variables.

Results of the measurement model test show and prove that trust is not enough to be the main basis of cooperation between parties. In cooperation efforts or business, other major aspects of the hidden even more important is the expectation of mutual financial benefit. This means that the mutual advantage to have a stronger position than the trust. What is interesting here is that there is a high emotional relationship between farmers and suppliers. For example, at once time farmers need funds while the situation was still entering the growing season and not yet in production, then the supplier easily provide loans without any doubt will be paid back at harvest time, this relationship is different from what is called “pengijon” (the plant have been purchased prior to harvest so that the course is very detrimental to farmers).

Based on these findings we can conclude that efforts to build trust and positive image of the working party are two aspects that are important, but the shared values associated with efforts to increase financial gain has a stronger role. Finally, this construct was obtained from the general picture that the establishment of cooperation between farmers, suppliers and outlets (modern and traditional market) in the business of agricultural commodities (vegetables, fruit and chicken pieces), along the major and essential to be achieved between the parties those involved is a desire for mutual benefit against the backdrop of efforts to foster mutual trust and positive image of the parties involved in such cooperation.

### **Relationship commitment**

According to the journal is used then there are two perspectives on the perspective of the attitude of commitment (affective commitment) (Kumar et al, 1995) is a commitment to produce effect on others, and behavioural commitment (Morgan and Hunt, 1994) is more towards the commitment of the behaviour being assessed.

In practice, committed relationship is strongly associated with the values that are the result of positive evaluation of the relationship that has happened in the past. Accordingly, in this study the relationship of commitment shown by three indicator variables as follows:

- a. The growth of mutual trust that the higher (U12)
- b. Generate interest for long-term partner (U13)
- c. Generate interest to enhance cooperation in the supply of another product (U14)

Level agreement of the indicator variables suggest that the relationship's commitment to partner long-term interests and the growing confidence is a strong indicator in explaining the relationship commitment. While the interest to enhance cooperation in the provision of other products is relatively lower. By using the CFA analysis to find out the contribution of each indicator variable in explaining the relationship of commitment.

The results of the measurement analysis model and testing of the coefficient relationship commitment, it appears that the three indicators reflect these constructs have high levels of reliability and validity are very reasonable with their respective values above 0.73 and 0:51. T test results of the model coefficients showed significant results even though the value of U14 is less than 0.5. The results of this analysis indicate that a possible interest in long-term cooperation is a very strong indicator of the exercise of the commitment by both the parties work together. This is indicated by the high value of the coefficient of the indicator is 1.0. These results prove that the relationship-based marketing that occurs in agricultural commodities currently in favourable conditions in which each party involved in co-operation has been running in earnest agreement has been agreed. Not surprisingly, all the parties desire to continue the cooperation that has existed so far.

Looking at these facts interest for cooperation in the long run actually contains several meanings, among others, is because of the habits of farmers and suppliers who have established long before the existence of emotional ties of kinship and mutual trust that has grown as well as a sense of comfort in the attempt. It is also common in relationships between suppliers and retailers in traditional markets. Here the emotional bond also has a major role of the bond business because of relationships that occur more influenced by informal factors.

### **Trust**

Melanie and Christian (2007) explain that trust is an important factor in business relationships such as corporate networks, alliances, or partnerships that involve elements such as interpersonal and inter-organizational competence, benevolence, integrity, and communication. The most important factor of trust is a positive experience that has been made in private, personal relationships that develop in accordance with time and become a bridge of communication in the relationship. Beliefs

related to commitment. It is based on the fact that in assessing the trust is often based on consistency of related parties in carrying out what has been agreed. In fact, Smith and Barclay (1997) confirmed the trust based on reputation and reinforced by the experience and the interaction between related parties. Based on the above, in this study of confidence shown by the three variables as follows:

- a. During the partnership, consistently carrying out a cooperative agreement (U27)
- b. During the partnership, consistently to fulfil what was promised (U28)
- c. During the partnership, consistently creates a feeling of trust (U29)

Estimation results of the measurement model coefficients, coefficients of test results and the value of its CR and CV. Seen that all three of these indicators have a level of reliability and validity are very reasonable with their respective values above 0.80 and 0.60. The results of this analysis indicate that the construct of trust is reflected strongly by the U28 indicator for partnership-related parties are always trying to keep what has been promised by the coefficient of 0.87. This is in line with what has been affirmed by Guilbert and Fenneteau (1998) that initial perceptions of trust can only be demonstrated through the behaviour of the parties concerned, which is reflected through the effort to keep what has been agreed.

On the other hand U27 indicator reflects the trust is consistency in carrying out cooperation with the coefficient of 0.77. This may mean that within a certain time each party seeks to establish a consistent relationship marketing practice what has been a mutual agreement. These results are in accordance with the said Gabarro, (1978) that belief starts from the weakest level (perceptions of trust), then gradually grew and strengthened through a consolidated relationship or accuracy of the fulfilment of what has been promised. It is understood that the U29 indicator for partnership-related parties is always cause a sense of trust has the lowest coefficient (0.55) because this indicator is the result of the previous two indicators.

Thus it can be said that the awakening of a trust will only be successful after going through a sense of trust that grows in stages and is followed by verification of the accuracy of what has been promised.

#### **Decision making uncertainty**

The absence or lack of commitment and trust is a burden to any of the parties that partner and can lead to dismissal. Element in the long-term relationship commitment and trust are considered to follow the rules of the stability and cumulative (Ford, 1990). But in reality sometimes the initial perception of the assumption or belief is often not evident after the cooperation takes place. That is, there are elements of uncertainty that are not anticipated at the beginning of the on-going cooperation. Based on this, in this study indicated the uncertainty of decision-making with three variables as follows:

- a. Decision to be taken, always take into account or anticipate the factors that are unexpected and can disrupt cooperation (U32)
- b. Decisions that take into account is always good or bad effects caused to the business environment (U33)
- c. Decisions are often faced with incomplete information (U34)

From interviews about the level of agreement on the indicators above, obtained the following results, in relationship marketing in agriculture, the parties always take into account the impact on the business environment (U32), has the highest level of agreement (96.1 %). In addition, approximately 95.2% of the parties who work together to anticipate the unexpected factors that can disrupt the working relationship (U33). The interesting thing is almost half of the actors in this relationship-based marketing (47.8%), in its decisions making, often do not have complete information (U34). All three indicators are considered to be capable of reflecting the latent variables, the results of the test statistic T showed significant results and in general construct has a level of reliability and validity are very reasonable with each of the CR and CV values above 0.68 and 0.50.

CFA analysis results obtained from the parties involved in cooperation in the field of agriculture stating that the decision will be taken into account is always good or bad effects caused to the business environment (U33) with a coefficient value of 0.99. It is becoming norm, especially in agriculture is very vulnerable to climate change conditions. The result of this partnership the parties take into account or anticipate the factors that are unexpected and can disrupt cooperation (u32). Meanwhile, the contribution of U34 indicator that is often faced with decisions on incomplete



information has the lowest coefficient. This could mean that partnering parties have fairly complete information related to the factors required in cooperation.

### Cooperation

In many cases of cooperation between parties is due to shared goals and mutual interests. Morgan and Hunt (1994) found that commitment and trust is important to ensure the emergence of cooperation in a partnership relationship. Even, Bodi Schubert (2010) confirmed a partnership or cooperation is good and successful innovation will support the company's competence, and the search for creative solutions from the organization. It can be considered as wholly or partially the fulfilment of a reciprocal relationship between goals and expectations set together and received by each member to support the relationship (usually long term) are oriented on the efficiency and development. In this study the cooperation shown by the two variables as follows:

- a. During the partnership, always try to promote mutually beneficial cooperation (U30)
- b. Partnerships that have been awakened, plan to encourage long-term cooperation established (U31)

The results of the parameter model measurement estimates show that both indicators have high levels of reliability and validity are very reasonable with their respective values above 0.81 and 0.68. The results of this analysis indicate that the partnership has been built always focuses on the mutually beneficial cooperation (U30), and seeks to be a partnership that extends into a long-term cooperative relationship (U31), has the equivalent position in the construct of working together to build each with a coefficient of 0.82. That is, in relationships marketing in the agricultural fields studied, there are motivations of the parties who partner to constantly strive to find harmony in order to gain mutual benefits in the long run.

When referring to the findings of Bodi and Schubert (2010), this advantage can not be interpreted to benefit financially, but also on non-financial benefits such as increased competence of the company's innovation, and the search for creative solutions for the challenges of organizations in the future to ensure the work same value over the long term.

### Concluding Remarks

The findings indicate that the pattern of linkages that occur in agricultural products is not only based on the purchase and sale transactions (transactional relationship) only, in which aspects of benefit financially be the main objective, but also involves psychological aspects that transform some aspect of your financial goals into a more emotional and social. The results showed the main factors that initiate the occurrence of relationship marketing in general is not solely based on the value of rupiah that is the agreement of transfer of ownership of the commodities traded, but also based on commitment and trust. This occurs because the purchase and sale transactions are generally not made in cash, but through the payment term (payment period).

This research also showed that the pattern of trading that occurs not only based on rational desire to obtain short-term benefit financially from the parties relating to business sustainability, but the relationship is also influenced by shared values which includes a sense of comfort, image enhancement and holistic long-term benefits.

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**Appendix 1. Indicators of Latent Variables and Structural Models**

<b>Variabel Latent</b>	<b>Variabel Indikator</b>	<b>Scale</b>	<b>Reference</b>
Commitment	X1 Mutual trust	Likert 1-5	Canning dan Lloyd (2001) Smith (2008), Wang (2009) Anvari dan Salmiah (2010)
	X2 Long term partner		
	X3 Cooperation		
Relationship Termination Cost	X4 Impact on Supply	Likert 1-5	Morgan dan Hunt (1994) Ganesan (1994)
	X5 Impact on Profits		
	X6 Impact on Trust		
	X7 Impact on Business Continuity		
Relationship Benefit	X8 Sense of Comfort	Likert 1-5	Palakshappa dan Gordon (2005) Baglieri, Croom dan Secchi (2006)
	X9 Customer Satisfaction		
	X10 Corporate Performance		
	X11 Increased Net Income		
Trust	X12 Consistent	Likert 1-5	Akrouit dan Akrouit (2007) Smith (2008) Wang (2009)
	X13 Fulfill the Promise		
	X14 Sense of Trust (Confidence)		
Competency	X15 Infrastructure	Likert 1-5	Doney dan Cannon (1997) Morgan dan Hunt (1994)
	X16 Human Resources		
	X17 Knowledge		
	X18 Experience		
	X19 Capability		
Communication	X20 Regular Formal Meeting	Likert 1-5	Palakshappa dan Gordon (2005)
	X21 Regular Informal Meeting		
	X22 Communication of Ideas		
	X23 Communication of Problem		
	X24 Up to Date Information		
	X25 Reliable Information		
Share Values	X26 Image	Likert 1-5	Palakshappa dan Gordon (2005) Smith (2008)
	X27 Benefits		
	X28 Belief		
Decision Making Uncertainty	X29 Anticipation	Likert 1-5	Bloombaeck (2006)
	X30 Taking into account the impact		
	X31 Decision Making		
Cooperation	X32 Profitable	Likert 1-5	Walter et al. (2000), Canning dan Lloyd (2001) Palakshappa dan Gordon (2005), Smith (2008)
	X33 Long Term Planing		

**Appendix 2. Coefficient Models And Values Construct Reliability and Validity**

<b>Variabel Latent</b>		<b>Variabel Indicator</b>	<b>Lamda</b>	<b>Error</b>	<b>T test</b>	<b>CR</b>	<b>CV</b>
Commitment	X1	Mutual trust	0.53	0.72	5.50	0.73	0.51
	X2	Long term partner	1.00	0.00	6.99		
	X3	Cooperation	0.37	0.63	4.42		
Relationship Termination Cost	X4	Impact on Supply	0.94	0.12	10.14	0.8	0.61
	X5	Impact on Profits	0.64	0.60	8.18		
	X6	Impact on Trust	0.48	0.77	6.44		
	X7	Impact on Business Continuity	0.97	0.06	10.59		
Relationship Benefit	X8	Sense of Comfort	0.59	0.65	6.93	0.81	0.59
	X9	Customer Satisfaction	0.85	0.28	8.59		
	X10	Corporate Performance	0.50	0.75	6.13		
	X11	Increased Net Income	0.78	0.39	7.26		
Trust	X12	Consistent	0.77	0.41	10.58	0.8	0.60
	X13	Fulfill the Promise	0.87	0.24	11.87		
	X14	Sense of Trust (Confidence)	0.55	0.70	7.70		
Competency	X15	Infrastructure	0.69	0.53	9.73	0.76	0.54
	X16	Human Resources	0.71	0.49	10.14		
	X17	Knowledge	0.64	0.59	8.95		
	X18	Experience	0.57	0.67	7.85		
	X19	Capability	0.51	0.74	6.87		
Communication	X20	Regular Formal Meeting	0.53	0.72	4.86	0.60	0.30
	X21	Regular Informal Meeting	0.27	0.93	2.64		
	X22	Communication of Ideas	0.83	0.31	6.45		
	X23	Communication of Problem	0.57	0.68	5.96		
	X24	Up to Date Information	0.31	0.90	3.83		
	X25	Reliable Information	0.30	0.91	3.72		
Share Values	X26	Image	0.57	0.67	6.57	0.64	0.51
	X27	Benefits	0.69	0.52	7.37		
	X28	Belief	0.57	0.68	6.52		
Decision Making Uncertainty	X29	Anticipation	0.70	0.50	7.69	0.68	0.50
	X30	Taking into account the impact	0.99	0.02	9.10		
	X31	Decision Making	0.12	0.99	1.71		
Cooperation	X32	Profitable	0.82	0.32	8.73	0.81	0.68
	X33	Long Term Planing	0.82	0.32	8.72		