

## DETERMINANTS OF MEMBERS' LOYALTY IN COOPERATIVE HOUSING SOCIETIES IN LAHORE

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### ABSTRACT

#### KEYWORDS

Members' loyalty;  
Housing Cooperatives;  
Thematic analysis;  
Lahore

This is going to be first ever study that aims to explore phenomenon of loyalty of members in Cooperatives in Pakistan. Cooperatives are unique enterprises in terms of their business model, working on the seven principles of Cooperatives. Members' participation is the significant element in the functioning of a Cooperatives and this model is getting attention in the emerging economies around the globe. In Pakistan, especially in the Province of the Punjab, 33000+ Cooperative organizations, 255 out of which are Cooperative Housing Societies, play a vital role in different areas of life. In order to ascertain the inclination of the members, who are also consumers in management terms, towards cooperatives, 03 Cooperative Housing Coops i.e. The Cooperative Model Town Society Ltd. Lahore, The State Enterprise Cooperative Housing Society Ltd. Lahore and PASCO Employees Cooperative Housing Society Ltd. Lahore were chosen as research site. Four Proposition i.e Satisfaction, Perceived value, Response to change, and trust were formed and were looked into so as to assess their role on loyalty. Hence, a qualitative approach was adopted. Thematic Analysis was carried out on the data/information retrieved through interviews. It was observed that that perceived value, resistance to change and trust have been treated as important towards members' loyalty. However, proposition of satisfaction was given little significance. This study gives a future direction of the research in Cooperatives besides providing an insight into managerial implications of the Cooperative Organizations as service providers as well as of cooperative members.

#### INTRODUCTION

While defining Cooperatives, we can segmentize it into four catchwords. First, these are formed by the people having common need or problem (Mogos Descotes & Pauwels-Delassus, 2015). Second, these are organizations are formed freely by the members through contribution of their assets. Thirdly, these organizations are governed democratically for achieving the desired objectives equitably. And fourth, these are independent enterprise promoted, owned, and controlled by the people to meet their needs. Simply speaking, these are people's organizations to exploit opportunities in the economy to address their economic needs and obtain economic betterment.

The International Co-operative Alliance (ICA) is a global federation of co-operatives under UNO and it defines (ICA Report, 2018) a co-operative as "An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise."

Rosmimah (2011) considers that Cooperatives is a social enterprise that is formed and owned by a group of individuals for the purpose to meet their social and economic benefits.

The definition of Cooperatives is supplemented as enunciated by (ICA Report, 2018) by a set of values and principles. These are in consonance with ideas of the original founders of the co-operative movement in the nineteenth century. The values of *equity, equality, solidarity, democracy, self-help, and self-responsibility* are central to the purpose of a co-operative and these values are put into practice through these seven principles:

- 1) Voluntary and open membership.

- 2) Democratic member control.
- 3) Member economic participation.
- 4) Autonomy and independence
- 5) Education, training and information.
- 6) Co-operation among co-operatives.
- 7) Concern for community.

While discussing the role of cooperatives in economic activity, Skumik (2002) observes that Cooperatives develop a capacity among its members to solve their unlimited problems within limited resources through self-help, pooling of resources and democratic management under the slogan of **“One for All and All for One”**.

Chambo (2009) ascertains that Cooperative organizations can be formed in any sector such as services, industries, housing, agriculture, credit, farming, education, marketing and supply and so on.

This study will focus on Housing Cooperatives. Housing Cooperatives are formed to meet the housing needs of its members and provide affordable shelter in economical way (Yakub et al., 2012). Besides that, the entire setup of municipal services in a Housing Coop is run and maintained by the organization through an elected Managing Committee with the help of members' contributions.

There are many factors influencing the working and performance of a cooperative organization as well as its ability to deliver the good to the members, as maintained by Malaysian Cooperative Commission Report 2016, which says that the competency and durability to remain relevant to the members is affected by changes in Government Policies, liberalization, business environment and use of ICT. This influence casts its affect to the members' perception about the cooperatives. In this context, Yacob (2023) identifies Satisfaction, trust, response to change and value significant elements to secure members' loyalty (Yusman et al., 2016).

The Success of Cooperatives, as determined by Yang and Peterson (2004), is linked with loyalty of its members i.e. their intent to remain with the Cooperatives as is evident from past studies on customer loyalty, satisfaction and customer value.

The Cooperative Movement in sub continent of India and Pakistan was initiated in 1904 and is regulated through Cooperative Societies Act 1925 and Cooperative Rules 1927. Cooperatives are a provincial subject under the Rules of Business of the Government of Pakistan and each of the provinces has its own setup of the Cooperatives. In Punjab, Cooperative Societies are regulated by the Registrar Cooperatives and there are different organizational tiers upto levels of union council in the province to organize and regulate the functioning of the system. As of 31 Dec 2018, as per Punjab Cooperatives Annual Report 2018, there are 33643 Cooperative Societies of all kinds with seven million plus members. With regard to Housing Cooperatives, The Model Town Cooperative Housing Society Lahore was the first Cooperative Housing Society in the Sub Continent. The Annual Report further indicates that there are 141 Cooperative Housing Societies in Lahore and 106 CHSs out of them are functional and providing shelter to the members with all possible amenities without any external help from the Government Sector and meeting all their needs with the members' contributions.

Like any other organization, Cooperatives also need to keep on improving its performance as per changing environment (Wanyama et al., 2009). Members' Participation in the business of the society is highly significant towards the performance, particularly in the Governance to long run the organization and to ensure loyalty among the members. This gives rise to the notion or propositions that Members' Satisfaction, Trust, Response to Change and

Value are critical to secure members' loyalty in the cooperative institutions to achieve their goals and objectives (Wu & Wang, 2012).

Taking account of the above context, the current Study was conducted, taking the qualitative approach, to analyze notion of loyalty in terms of how it is influenced by Satisfaction, Perceived Value, Response to Change and Trust among the Members of Cooperative Housing Societies in Lahore, with the support of Literature, in a highly competitive situation where there are many other ardent players like DHA, Private Real Estate Developers and Development Authorities, and for the study we have chosen three Cooperative Housing Societies which are:

- 1) The Cooperative Model Town Society Ltd. Lahore: The first ever Cooperative Housing Society in Sub Continent, going to have centennial celebrations in 2021.
- 2) The State Enterprise Cooperative Housing Society Ltd. Lahore: A medium size semi developed housing cooperatives situated at Multan Road with some amenities of life. The society is more than 80% populated
- 3) The PASSCO Employees Cooperative Housing Ltd. Society. Organized by employees of PASSCO; a federal government entity, situated at Canal Bank Road. A small sized Cooperative with 290 members and the scheme is fully developed and dwelled.

Framework developed in this study has been replicated from the work of Taylor, Celuch and Goodwin (2004). While members' loyalty is taken as the dependent variables, satisfaction, perceived value, response to change, and trust are opted as the independent variables (Yap et al., 2012). In light of the literature and the framework, following four propositions are developed to address the research objectives:

- P1. Members are satisfied from a product or a service if their need is met conveniently that makes them loyal to their Cooperatives. Hence, Members' satisfaction is an important step to gain Members' loyalty.
- P2. Members / Consumers perceive various benefits attached to a product/service. This leads them to remain within Cooperatives.
- P3. How do Members react to or respond to a change is considered as significant step towards members' loyalty.
- P4. When We Build Trust, We Build Loyalty

## RESEARCH METHOD

The present study was carried out through Qualitative Approach. The Members of three selected Cooperative Housing Societies of Lahore were taken as target population.. A non-probability purposive sampling technique was utilized for collection of Data. Sample was made up of members and office bearers of the Management (13 from each of the three societies) of the population societies. Data was collected through semi structured in-depth interviews for which a specific interview protocol was developed (Annex – A). The interview protocol contained questions regarding propositions pertaining to variables under investigation. The data so collected was analyzed and interpreted through thematic analyses using Nvivo 10. As suggested by Literature, viewed by Boyatzis 1998, thematic analysis is method for identifying, analyzing and reporting patterns or themes within data. It interprets various aspects of the research topic. This analysis helped us understand as to how the members' loyalty is influenced by Satisfaction, Perceived Value, Response to Change and Trust. Majority of the interviewees were not reluctant in expressing their views and this helped us a lot to make proper inferences about our study.

## RESULTS AND DISCUSSION

This was a fascinating experience to explore the phenomenon of members' loyalty in Cooperatives, being the first one of its kind in this sector. This gave us opportunity to test our propositions and enabled us to develop this groundwork for Cooperatives.

Propositions regarding members' loyalty were tested through in-depth semi structured interviews from the members of the 03 Housing Cooperatives of Lahore. One of the Coop i.e. The Model Town Cooperative Housing Society Ltd. Lahore is about a hundred years old and its continuation for a hundred years was not possible without retention or loyalty (in term of management sciences) of the members. So, in such scenario, inference can be made regarding members' satisfaction, perceived value, response to change and trust which yields the loyalty among the members.

Although we have already discussed the salient features of the Housing Coops (study site) briefly in introduction section, however before analyzing the data retrieved through interviews, it would be appropriate to discuss the prominencies of them.

The Model Town Cooperative Housing Society Ltd Lahore is a capacious housing scheme providing an excellent living style with all amenities. The society is superabundant with greenery resulting in healthy environment. Starting from 200 founder members under the presidentship of Sir Ganga Ram, it has now 5428+ members and constructed units. The society comprises of 1463 acres of land. All its affairs are governed through its registered byelaws. It is complete township and management is responsible for all administrative and governance matters. There is going to be 3<sup>rd</sup> or 4<sup>th</sup> generation of the members living in the society who are members by virtue of original membership

The State Enterprise Cooperative Housing Society Ltd, as elaborated in the introduction, is a medium sized housing scheme with some amenities, having 2000+ members and plots. It is a semi developed project and half of the scheme is dwelled. Like MTS Lahore, the majority of its shareholders are original allottees. However, some members joined this society by virtue of purchase of plots from original allottee members.

PASSCO Employees CHS is small housing society meant to cater the housing needs of PASSCO. It is fully developed and dwelled. Maintenance operations of the amenities are underway. It is facing, like adjacent societies, the problem of trunk sewerage. And this issue is going to be resolved as the Government has undertaken the project of laying trunk sewerage along the Canal Road to facilitate all the concerned societies. Majority of its members are original allottees and a few of them have joined this cooperative through purchase of plots/houses.

While conducting interviews at study site i.e 03 Cooperatives, we find a bit deviation in opinion of the interviewees about their experience of joining, living in and remaining with the Cooperatives. Some of the interviewees have been part of organization's management and contributed towards welfare of their Coop and fellow members. Two of the interviewees from State Enterprise Society were affectee members i.e. they were having some complaints about size of their plots and were in struggle to get their issue redresses. Despite a minor dissatisfaction, the interviewees, as whole, expressed their intent to prefer the Cooperatives as compared to some other entity in real estate for different grounds, as is exhibited from the analysis of the data.

Starting from the Model Cooperative Housing Society Ltd. Lahore, the 13 interviews were conducted in 04 days. Data so retrieved indicated divergent views of the interviewees regarding, satisfaction, perceived value, response to change and trust. 7 interviewees were members by virtue of inheritance that is their ancestors joined Model Town Society as basic members and the property thus owned was transferred to them. This way they had long experience of enjoying the services offered by the Coop than other interviewees. While six

interviewees became member of the society by way of purchasing property in the society. Their opinion about experience in Cooperatives was almost similar except of a few individual issues. Taking the first proposition of Satisfaction towards loyalty the respondents showed a bit dismal picture regarding services provided by the society management. These services include maintenance, watch & ward, security, redressal of complaints, responsiveness of the society management towards sudden issues as well as but not limited to recreational facilities. Since some high profile political figures are also residents of the society and there are issues of free mobility in those peculiar areas due to stringent security measures.

*As a whole the society is worth living. Much better than many other places of the city. My father purchased this property measuring 4 Kanal in 1962 against a sum of Rupees 5000/00 which is now worth 100s millions. Over of period of hundred years, the society has seen many ebb and flows and was successful in maintaining its prestigious place in the planned urbanization sector. Members sometimes feel delayed response on part of management regarding maintenance and development. But that might be due to non cooperation on part of some members because society meets its financial needs through receipt of dues and charges from the members. The delay on part of members in payments causes the delay in development work. This delay is of course annoying and creates dissatisfaction. Despite that, I have trust on Cooperatives because I believe that it is doing for my economic betterment. Financial Enhancement of my property is a solid proof of it. (Interviewee I)*

Cooperative is in the field when there was no other significant player in the real estate sector. Uniqueness of the Cooperatives is that it is working without any commercial motif with a sole objective of economic betterment and capacity building of the members. Whereas main motive of commercial enterprises is to earn profit. This very fact makes the Cooperatives as a first choice for the people to meet their housing needs. This very understanding gives the Cooperatives a decisive edge upon other competitors like Private Housing Schemes etc. Cooperatives offer a respectable living in much lower prices as compared to others. This is the perceived value that is significant for the members to remain within the Cooperatives. More importantly, members themselves are responsible for timely completion and delivery of the project, so they being shareholders and stakeholders take keen interest in growth of the cooperatives. This inference was yielded out of views of the interviewees while responding to relationship between Perceived Value and Loyalty. Members prefer Cooperatives while comparing with what is being offered by other providers. The reasons include but not limited to costs, services quality, duration of completion, post completion operations and above all opportunity to be part of management being shareholder. Although some real estate organizations like Bahria Town and DHAs are doing a lot good but their first preference is to earn profit, though they give extra luxurious living standards.

*I am here in Cooperatives. I can go to Bahria Town or to the schemes maintained by LDA etc. Though they have good living standards but why I go there, when I can get same thing without any organizational profit. I have no problem in schooling my children or availing medical facilities or going for shopping. I am fully at ease in all above terms. As far as living standard is concerned, Cooperatives can also have it or better than that if members cooperate. (Interviewee II)*

When exploring the third proposition i.e response to change, through the views of the respondents, we got amazing inferences. Almost all the interviewees were unanimous to say that improvement and enhancement in services and systems are always welcome. But there was difference in opinion with regards to cost of such enhancement or change in regulations. Like change in electoral mechanism, levy of additional service charges, or any joint venture initiative for financial gain of the society. For example, in recent past, a piece of land was

leased to some multinational to establish a METRO Store at link Model Town Road. The initiative was extremely resisted by some elements. Even the society had to face litigation and high level enquiries. But the initiative brought a good permanent income for the society as well as placement opportunities for the unemployed persons of area. Besides that It provided a great shopping facility under one roof. Although the society got through all litigations on the issue, but this resistance or response resulted in shattering the confidence of foreign investment as well as was tantamount to depriving the country of taxes. Similarly Commercialization Policy of the society is always a favourite to criticize. Whenever a change is proposed in status and nature of a property, a series of litigation is started. That is why since 2003 no worth mentioning change in nature of any property was ever reported. This situation leads us to deduce that members are very sensitive to sustain the township status of their society and want to maintain it not as a commercial scheme full of high rise commercial plazas but as worth living residential town. One of the interviewee elaborated as under:

*The Model Town is an elite housing scheme with sufficient commercial areas. Establishing a Commercial Activity in residential area is not justified in any term of law and morality. We do not want to disturb our peace by allowing commercialization of residential properties. So we oppose and will always keep on opposing conversion of residential properties into commercial properties. (Interviewee 13)*

Discussing Trust, as supported by Literature, we find it as a strongest element in sustaining the loyalty in Cooperatives. As our proposition says that we build trust, we build loyalty; this comes true when we talk about Model Town. Trust on the organization, Trust on safety of investment made by the members, trust, or belief in other words, on collective benefits at the platform of Cooperatives keep the members to retain within Cooperatives and above all this is the trust that motivates the members to participate actively in the affairs of the society and play their role in its uplift. While discussing the element of Satisfaction, we found out that member might not be satisfied with services because of quality but they appear to have trust on organizational strength in terms of financial gain against their membership and property.

*I find my property evaluated day by day. I became member of this society by purchasing a house in end 90s. If moneytize the current value of my property, it will be at least 100 times more than that of at the time of purchase. I am not at loss if I dispose of my property right now. So that is why I prefer Coops and do recommend it to others also. (Interviewee 12)*

While analyzing the data retrieved from State Enterprise CHS and PASSCO ECHS, we find more or less similar views of the respondents. The interviewees from State Enterprise CHS give weightage to satisfaction regarding services as the society is not fully dwelled and a lot is required to be done in terms of Parks, proper approach road, etc. But they were found hopeful that in near future these deficiencies will be overcome with acceleration in dwelling and receipt from the members. Members were observed to be more zealous in participating in society affairs. Though the society is less developed as compared to adjacent Coops, however people believe that this is due to non cooperation on part of defaulting members. Such members are investors and are waiting for increase in prices to dispose their properties. That is why they are reluctant to pay their dues and wish that perspective buyer would make payment.

Since Society is less developed, therefore any initiative to raise funds is strongly resisted by the resident members who are regular in their payments. They are of the view that instead of levying fine on the defaulters, regular payees are being penalized.

Like Model Town, the members of this society also have trust on Coops in terms of financial gain as the prices of properties here have gone many times high from that of their original price. And they find no way to show distrust on the Cooperatives which provided shelter to them on no profit no loss basis.

PASSCO ECHS a small society with fully dwelled and having all amenities like energy, excellent road network, graveyard, worship place, gas water supply and internal sewerage besides IT based security system, is found to be complacent in terms of satisfaction, perceived value, response to change and trust leading to remain consumer to the cooperatives. Construction of houses on all plots is a good example to testify our propositions. Contrary to other two Coops, the members of PASSCO ECHS were found to be positive while responding to any change. This may be because of the fact that society delivered what it promised and people here think any change leading to betterment in the existing systems. With regard to trust we find unanimous opinion of the interviewees. They are wishful to extend the society to another phase of the housing scheme. As regards perception of value in cooperatives, they opined to have alternatives, but none except cooperatives offer dwelling on no profit no loss basis. This has no parallel in any other sector.

The analysis of data so retrieved through interviews lead us to deduce that members prefer cooperatives being it as unique members' owned enterprise, on account of satisfaction, perceived value, response to change and trust which are outcome of the performance of Cooperative. More the Coop perform, greater will be the loyalty. We also deduce that a particular perspective of members' participation in cooperatives and sense of ownership leads to develop Trust and satisfaction and cause them to be remaining within Cooperatives, despite having alternatives in other forms of planned urbanization.

The analysis made thematically is depicted as under:

Word	Length	Count	Weighted Percentage (%)
Trust	7	182	3.54
cooperatives	12	180	3.48
value	5	112	2.10
society	7	82	1.55
creation	8	94	1.28
organization	12	82	1.10
loyalty	7	60	1.05
production	10	66	1.00
living	6	70	0.93
trust	5	58	0.91
processes	9	62	0.83
activities	10	56	0.80
gains	5	94	0.79
resulting	9	56	0.79
benefits	8	60	0.78
provided	8	52	0.74
property	8	42	0.73
management	10	48	0.72
services	8	44	0.72
relations	9	48	0.70
find	4	62	0.69
housing	7	34	0.66
interviewees	12	34	0.66
change	6	38	0.64
satisfaction	12	32	0.63
financial	9	28	0.55
regarding	9	52	0.54
like	4	40	0.53
terms	5	34	0.53
client	6	32	0.51
purchase	8	26	0.51
needs	5	40	0.50
scheme	6	30	0.48
perceived	9	30	0.47
therefore	9	24	0.47
town	4	24	0.47
study	5	42	0.46
better	6	28	0.45
way	3	32	0.45
create	6	40	0.44
commercial	10	22	0.43
relationship	12	22	0.43
response	8	22	0.43
costs	5	28	0.41

Figure 1. Summary of Themes

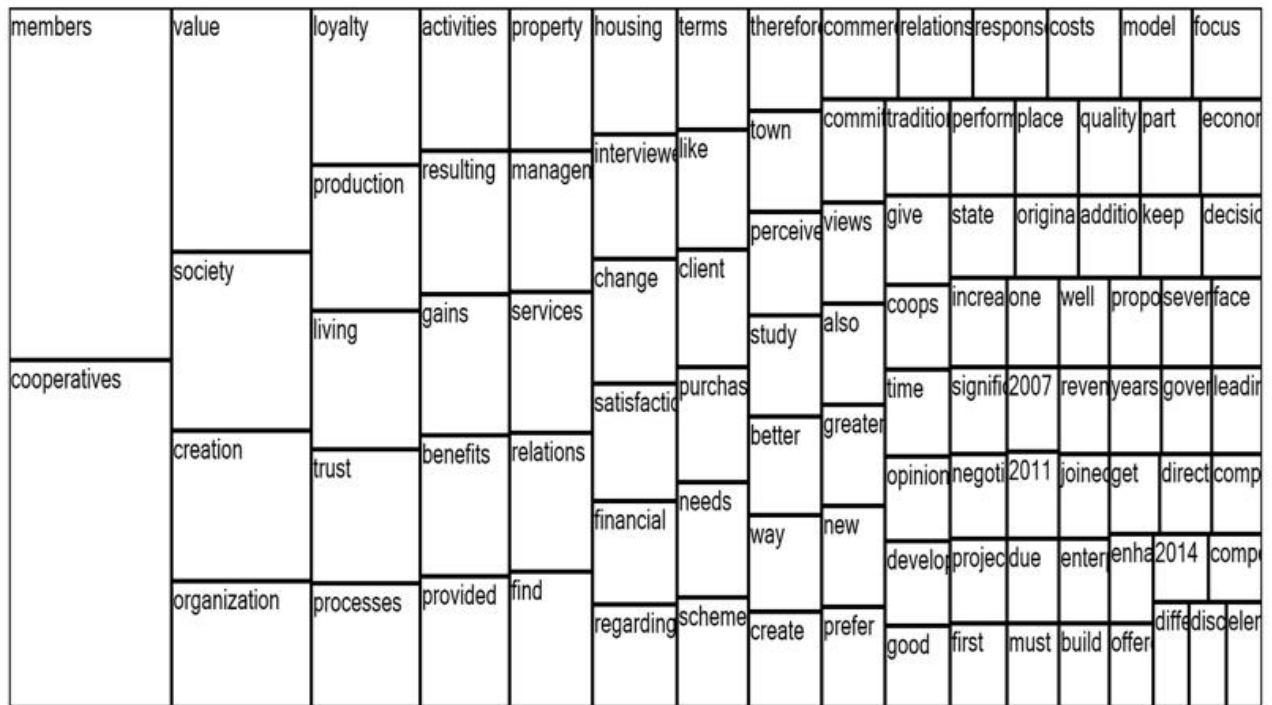


Figure 2. Tree Map



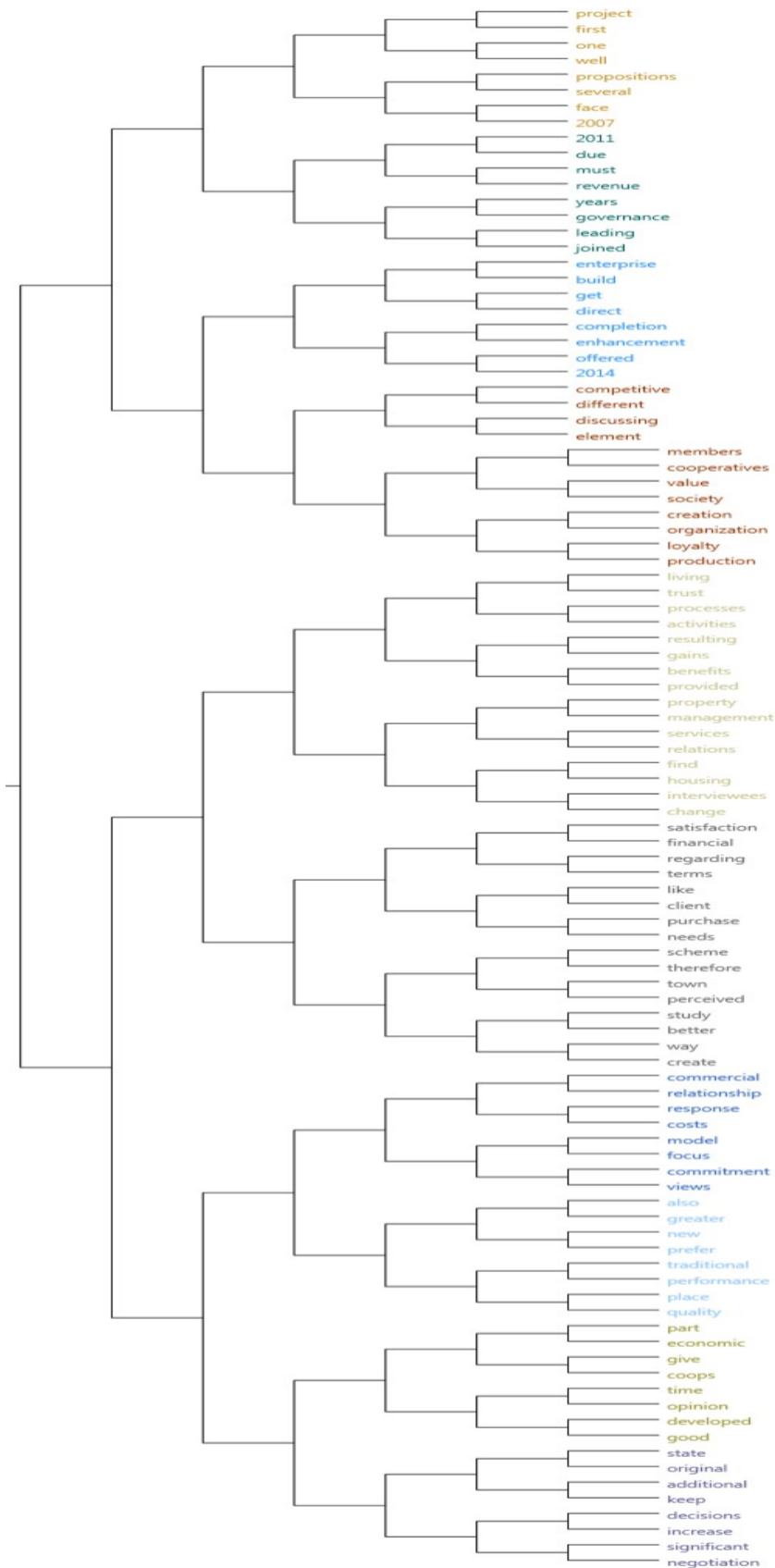


Figure 3. Cluster Analysis



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