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Building Trust through Trustworthy Perceptions in Service Retail

Purpose - The purpose of this research is to investigate the role of retailer trustworthiness in driving consumer trust that leads to increased loyalty. We position trustworthiness as a mediator in the link between retail strategies and the development of trust. We model consumer loyalty to the service retailer as a function of the trust created through trustworthy perceptions.

Design/methodology/approach - We validate our model using 420 survey responses from consumers in a service retailer setting. Nine research hypotheses were tested using Structural Equation Modeling. Alternate models are estimated and the results provide support for our theory-based trustworthiness mediation model.

Findings - Trustworthy behaviors first build trustworthiness, which then translates into consumer trust and ultimately has a positive impact on both behavioral and attitudinal loyalty.

Research limitations/implications - Our research shows that it is important for retailers to signal their trustworthiness in order to build consumer trust and loyalty. Researchers should include trustworthiness perceptions into models of consumer relationships, and managers should strategically plan to develop both trust and trustworthiness with their customers.

Originality/value - This study is one of the first to investigate the mediating effect of trustworthiness on customer loyalty in service settings. While past research has investigated dimensions of trustworthy behaviors, none has included a measure of trustworthiness perceptions and consumer trust in the same theoretical model. The results of our research provide important insights for both researchers and managers.

Keywords: Trustworthiness, Trust, Trustworthiness, Attitudinal Loyalty, Behavioral Loyalty, Service Retailer

1.0 Introduction

Building long-term relationships with customers is one of the central functions of service organizations, and leads to several advantages, for example: increasing customer satisfaction (Jyh-Shen and Droge, 2006), loyalty (Buttle and Burton, 2002) and commitment (Morgan and Hunt, 1994). Trust is seen as a central element in the development of marketing relationships, and can be generally defined as one's willingness to engage in risky behavior accompanied by the belief that one's partner can be relied on to fulfill its future obligations (Palmatier et al., 2007, Scheer and Stern, 1992).

However, this perspective is unclear as to what factors contribute to one's willingness to engage in risky behavior and which strategies organizations should carry out in order to encourage their customers to trust. Hence, by focusing on trust, organizations leave themselves in the hand of the consumer to grant or not grant trust. This makes strategic decision making difficult for organizations that aim to develop relationships with their customers as it is not clear what characteristics influence the consumer's decisions (Fang et al., 2008, Colquitt and Rodell, 2011). This research, therefore, proposes trustworthiness as a more operational concept which enables organizations to actively gain trust from their consumers.

Several authors (e.g., Caldwell and Clapham, 2003, Hardin, 2002) position trustworthiness as an important link between firm behaviors and consumer trust; however none have empirically tested this mediating framework. For example, Xie and Peng (2009) argue that, after negative publicity, it is critical for firms to build a trustworthy image before customers will extend their trust – but they only empirically measure trust in their research, essentially skipping the mediating step they argue is imperative. Additionally, Bews and Rossouw (2002 p. 378) state that "...where trust refers to the act of trusting or not trusting, trustworthiness entails an

evaluation of those criteria that constitute trust and consequently, influences both the direction and intensity of any decision to act in a trusting manner.” Subsequently, Bews and Rossouw (2002) test the correlations between facilitators of trustworthiness (openness, integrity, benevolence, competency, and history of interactions) and trust, empirically avoiding the mediating role of trustworthiness.

Importantly, Mayer *et al.* (1995) theorize that perceptions of trustworthiness do not lead directly to relational outcomes. In support of this, Bews and Rossouw (2002) find that the trustworthiness of a trustee leads to trust perceptions which in turn determine the outcomes of the relationship. While trustworthiness is *implicitly* included in most relational marketing conceptualizations, authors have only *explicitly* measured trust. Hardin (2002 p. 29) noted this when he argued that “...much of the literature on trust hardly mentions trustworthiness, even though implicitly much of it is primarily about trustworthiness, not about trust.”

This paper takes the position that Managers are more able to influence trustworthiness perceptions (compared to directly building trust), and that these perceptions can be enhanced through specific strategic decisions. Thus, the likelihood of building consumer trust is enhanced when service providers exhibit trustworthy behavior. This study therefore positions trustworthiness as an antecedent to trust and the resulting beneficial outcomes for the firm.

This study distinguishes trustworthiness from trust by conceptualizing trustworthiness as a feature of the service provider based on others’ perceptions about their past behavior, while trust is an attitude of the consumer based on their expectations of continued behavior in the future. Therefore, this study extends the understanding of trust by empirically linking trustworthiness to trust perceptions and then to two important relational outcomes: behavioral and attitudinal loyalty.

The remainder of this paper is organized as follows: the next section compares and contrasts trust and trustworthiness as distinct constructs in the relationship development process. After reviewing the current state of trust and trustworthiness theory, theoretically grounded drivers of trustworthy perceptions are presented, followed by the conceptual development and hypotheses regarding the role of trustworthiness and trust in relational exchange. Next, the research context and empirical tests of the conceptual model are presented. Finally, a discussion of the findings, implications for retailers and theory, and the limitations of the research are presented.

2.0 Trust versus Trustworthiness

Trustworthiness differs from trust in that the latter is an attitude about the target's expected continued performance into the future. McKnight, Choudhury, and Kacmar (2002) describe trustworthiness as the perceived probability that a particular trustee (entity who may or may not be trusted) will maintain one's trust. Hardin (2002) argues that trustees establish trust with trustors (entity who may or may not trust the trustee) in the context of ongoing interpersonal relationships, because only through such relationships can customers accumulate sufficient evidence to form trusting intentions (i.e., to trust or not to trust). For this reason, trust cannot represent the generalized perception of a group of people; rather, trust is held by the individual. However, what is trustworthiness if not the same as trust?

The trustor holds trust, and this trust relates to expectations of future behaviors based on perceived motivations and actions of the trustee's past behavior. By contrast, trustworthiness is a characteristic of the trustee (Hardin, 2002). Caldwell and Clapham (2003) argue that trustworthiness is a trait of a party (e.g., service provider) in a relationship that inspires confidence in their counterpart (e.g., a customer), who relies on the good intentions of the

provider to perform services competently and in the best interests of the customer. Similarly, Hardin (2002) explains that trustworthy individuals follow through on their commitments to others. Very simply, one can only trust entities that are trustworthy. In contrast, one may view a particular person or entity as trustworthy even if they have not interacted enough with that party to develop trust. For example, a customer may view a certain brand of service provider (Marriott or DHL, for example) as being very trustworthy, however the customer may avoid extending her trust to a specific branch of that service provider until she has sufficient experience with which to judge their behaviors. Hence, the distinction between trust and trustworthiness is that trust is the trustor's belief towards the trustee, while trustworthiness is a characteristic of the trustee.

2.2 Developing Trustworthiness

Given the lack of empirical evidence on the role of trustworthiness, it is important to consider how trustworthiness develops (Vanhala et al., 2011). Building on the research of Mayer *et al.* (1995), McKnight *et al.* (2002) conduct a meta-analysis of the various studies on trustworthiness. They conclude that there are three main dimensions of trustworthiness across the different literatures: benevolence, integrity and ability and argue that these dimensions are related but distinct. For example, one may believe that an organization cares about its customers and thus tries to deliver a smooth, error-free experience (in this case the organization is benevolent), but they may also believe that the organization lacks the ability to do so. While beliefs about integrity and benevolence are similar, integrity focuses on meeting objective standards of corporate citizenship, while benevolence focuses on customer benefits that go beyond the normal business activity. For instance, even though customers believe that an organization follows a professional code of conduct (integrity), they may still question the organization's genuine concern for its customers (benevolence).

This study adopts the view that trustworthiness mediates the link between these drivers and perceptions of trust (Bews and Rossouw, 2002, Caldwell and Clapham, 2003). Without first developing an image of trustworthiness, retailers will find it challenging to build trust. Table 1 summarizes the key differentiating factors between trust and trustworthiness.

-- Table 1 here --

Dwyer, Schurr, and Oh (1987) describe the relationship development process as a series of multiple stages. They argue that beliefs about trust develop early in a relationship as partners experience trustworthy behaviors (consistency, investing in mutual outcomes, etc.) from their counterpart. A potential trustee may take risks early in the relationship to signal to their partner that they are vulnerable and willing to engage in mutually beneficial exchange. Over time, trust deepens in both parties (to the extent they exhibit trustworthy behaviors) and interdependence increases gradually so that both parties rely heavily on their partner (see also Vanhala et al., 2011). This increased interdependence allows for more collaborative relationships to develop (Kumar et al., 1995) and creates a situation in which increased outcomes for both parties become available as continued mutual investments in the relationship increase the overall pie to be shared (Jap, 1999).

-- Figure 1 here --

Caldwell and Clapham (2003) present a framework of 'trustworthiness as a mediating lens' (see figure 1) to describe how trust perceptions develop while looking through the mediating lens of trustworthy behaviors. They argue that the decision to trust is the result of one party's assessment of the behaviors of another party, through what is described as a mediating lens, or complex filter through which each person views the world. Simply put, Caldwell and Clapham (2003) argue that the decision to trust has to pass through a trustworthiness filter; one

has to appear trustworthy in order to be trusted. However they did not specify exactly which steps to take to develop trustworthiness, hence one is left with the question: what characteristics and behaviors signal to a partner that an exchange partner is trustworthy?

3.0 Conceptual Development

One of the primary components of the proposed model – the inclusion of trustworthiness as a mediator to building trust perceptions – relies on Caldwell and Clapham’s (2003) mediating lens framework. The proposed conceptual model is noteworthy on at least three points: (1) The model evaluates the impact of trustee attributes on the development of trustworthiness (not trust); (2) the model positions trustworthiness as a mediator between trustee attributes and trust perceptions; and (3) the model also assesses the indirect impact of trustworthiness on two important relational outcomes – behavioral and attitudinal loyalty. Figure 2 illustrates the conceptual model, and the hypotheses are discussed in detail in the sections that follow.

-- Figure 2 here --

3.1 Trustworthiness Drivers

Consistency

Within exchange relationships, as interactions occur over time, both parties will judge the ability of the other party to fulfill their duties based on that party’s prior performance.

McKnight, Cummings, and Chervany (1998) argue that the *predictability* of the trustee’s behavior is an important predictor of trustworthiness perceptions. Consistency in performance will help reduce uncertainty and the trustor’s perceived risk in dealing with the trustee, making the achievement of trustworthiness much more likely. Butler and Cantrell (1984) argue that notions of *promise* help develop confidence in the trustor that the trustee can continue to fulfill

their expected obligations. Consistency helps strengthen the promise and predictability of the trustee's future performance, helping to build trustworthiness; therefore:

H1: Consistency will positively influence trustworthiness.

Competence

Competence is based on the belief that the other party is dependable and reliable. Xie and Peng, (2009) view competence from the stance that the trustee possesses the knowledge, expertise and skills required to fulfill the needs of the trustor. When individuals trust, they believe that the other exchange party will behave as expected and meet their obligations. In other words, competence is linked to the retailer's ability to deliver on their promises (Doney and Cannon, 1997). Customers must be willing to accept the risks associated with a given service provider and they must show a willingness to accept that the provider is capable of delivering what has been promised (McAllister, 1995). Xie and Peng (2009) find that the perceived competence of a company helps rebuild trust from their customers after negative publicity. Perceived competence will help to mitigate the level of perceived risk as customers become more confident that the retailer can perform dependably, therefore:

H2: Competence will positively influence trustworthiness.

Benevolence

Benevolence is based on the trustee's willingness to establish mutually fulfilling interactions rather than maximizing their own profits. Benevolence is evident when the trustee faces the choice to behave opportunistically – the avoidance of opportunistic behavior is an act of benevolence (Mayer et al., 1995). The importance of benevolence is illustrated by Doney and Cannon (1997 p. 36) when they define trust as “perceived credibility and benevolence of a target of trust.” Furthermore, benevolence often precedes affective trust, as understanding that one's

partner is willing to forgo their own rewards in favor of mutual benefit strengthens existing trustworthiness and feelings that the trustee will continue to perform in a manner that will fulfill the trustor's expectations. Benevolence promotes the affective aspects of the relationship by indicating the trustee's intention to care for the wellbeing of trustors (Mayer et al., 1995), therefore:

H3: Benevolence will positively influence trustworthiness.

Communication

Anderson and Narus (1990) argue that communication is an antecedent to trust, as communication assists in the resolution of conflicts and ambiguities as well as helps manage future perceptions and expectations (see also Dwyer et al., 1987, and Morgan and Hunt, 1994). The underlying principle is that communication gives insight into the specific roles that the trustor and the trustee are expected to take throughout the exchange process.

Roy, Eshghi, and Shekhar (2011) recognize effective communication as an important part of the relationship marketing process, although these authors stated that trust was an antecedent of communication. By contrast, this study posits that communication throughout a relationship will help strengthen perceptions of trustworthiness. Morgan and Hunt (1994) hypothesize and find support for the role of communication in building trust. Therefore, this study contends that communication first builds perceptions of trustworthiness, which consequently have an impact on trust:

H4: Communication will positively influence trustworthiness.

Integrity

Integrity implies that the trustee will demonstrate and stick to a set of principles and values that the trustor finds acceptable (McKnight and Chervany, 2001). Mayer *et al.* (1995)

argue that integrity is expressed through several behaviors including honesty, predictability, credibility and dependability. Bews and Rossouw (2002 p. 382) define integrity as "...the application of a set of moral and ethical principles, acceptable to both trustor and trustee, which are predictable and reliable and which lead to equity." Trustee integrity requires that they provide a consistent approach to dealing with the trustor. Within a service retailer context, integrity entails that every aspect of the service provider display a harmonized approach when dealing with their customers – consistently offering an equitable and fair outcome. Xie and Peng (2009) find that corporate integrity is a critical component to rebuilding trustworthiness after negative publicity damages customers' images of the company. Based on the preceding discussion, therefore:

H5: Integrity will positively influence trustworthiness.

Value Alignment

Sitkin and Roth (1993) position value alignment as a key factor in developing trustworthiness. Their study associates value alignment with distrust from the perspective that a lack of congruence in values can lead to mistrust. The proposed model adopts Morgan and Hunt's (1994) definition of value alignment, (they call this construct *shared values*), as the extent to which partners have beliefs in common about what behaviors, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong. Both Morgan and Hunt (1994) and Dwyer, *et al.* (1987) argue that value alignment contributes to the development of trust. Additionally, Heide and John's (1992) norms show the importance of aligned values as they represent shared expectations about appropriate actions and behaviors within the relationship:

H6: Value Alignment will positively influence trustworthiness.

Trustworthiness → Trust

Bews and Rossouw (2002) view trustworthiness as the trustor's evaluation of the likelihood of the trustee acting in the trustor's interests in a situation entailing risk. Caldwell and Clapham (2003) argue that the decision to trust is largely determined by the trustworthiness of the trustee. Their framework positions trustworthiness as the mediating lens through which potential trustors view their counterpart and make decisions about whether or not to extend trust. When there is a reason to believe that a party is both willing and able to follow through on an expected behavior (i.e. being trustworthy), the customer is likely to extend his or her trust (Hardin, 2002, Mayer et al., 1995).

H7: Trustworthiness will positively influence trust.

Customer Loyalty

Loyalty is a well-established relational outcome in the marketing literature. Researchers have examined loyalty as an outcome of numerous relational dimensions including customer commitment (Bansal et al., 2004), service quality (Bell et al., 2005, Bloemer et al., 1999), satisfaction (Bloemer and de Ruyter, 1999, Shankar et al., 2003), and trust (Morgan and Hunt, 1994). Research often discusses loyalty interchangeably with operational definitions that refer to repeat purchases, preference, commitment and retention. Uncles, Dowling, and Hammond (2003) view customer loyalty as a means to express feelings or attitudes toward brands, services, store products and activities. Some researchers have measured loyalty only through purchase history or actual purchase behaviors (Tellis, 1988). While this behavioral measure of loyalty definitely has some advantages for marketers (objective measure of financial outcomes), such a measure can overstate customer loyalty by including spurious loyalty – or the propensity to

purchase for reasons of convenience, lack of substitutes, or other reasons that are not due to more traditional conceptualizations of loyalty as a positive attitude towards a retailer.

For this reason, the marketing literature presents a composite view of loyalty. Theorists generally support the idea of distinguishing behavioral loyalty from attitudinal loyalty (Jacoby and Chestnut, 1978, Oliver, 1999). This composite view of loyalty renders ascertaining the customer's feelings of loyalty towards a retailer separately from their actual behaviors possible. This study is consistent with prior research (Chaudhuri and Holbrook, 2001, Rauyruen and Miller, 2007), in defining behavioral loyalty as the willingness of the customer to repurchase from this service provider and maintain this relationship in the future. While attitudinal loyalty is the level of customer psychological attachment and attitudinal advocacy towards this provider.

Attitudinal loyalty indicates a tendency to exhibit certain beneficial behaviors, such as sharing positive word of mouth and recommending the retailer to others (Zeithaml et al., 1996). Attitudinal loyalty also captures the trustor's perceptions about the trustee from an affective perspective. Singh and Sirdeshmukh (2000) argue that trust will lead to attitudinal loyalty as trust reflects the expectations of the trustee's behaviors in future interactions. Numerous researchers link trust with attitudinal loyalty, for example Ball, Coelho, and Machas (2004) find that trust has a positive impact on attitudinal loyalty in a customer banking context. Additionally, Sirdeshmukh, Singh, and Sabol (2002) find that customer trust in management policies and procedures has a direct and positive effect on attitudinal loyalty, although trust in front line employees only has an indirect impact (through perceived value) on loyalty. Together these findings provide substantial support to position trust as an antecedent to attitudinal loyalty.

Behavioral loyalty entails the repeat purchase of services or products and considerable research positions it as one of the objective outcomes of relationship marketing investments (De

Wulf et al., 2001, Fader and Schmittlein, 1993, Jyh-Shen and Droge, 2006). Theorists correctly argue that capturing this objective-outcomes loyalty measure has important implications as behavioral loyalty connects customers to actual re-purchase behavior. Chaudhuri and Holbrook (2001) include both attitudinal and behavioral loyalty as outcomes of trust. Therefore, attitudinal and behavioral loyalty will be influenced by the level of trust:

H8: Trust positively influences attitudinal loyalty.

H9: Trust positively influences behavioral loyalty.

4.0 Research Method

4.1 Sample and Data Collection Procedure

The data for this research was collected from customers of four international service organizations (all five star hotels) located in the U.K. Graduate student research assistant, trained to deliver a consistent introduction and recruitment message, approached customers in the lobby of the hotels, after customers had checked in, and asked if the customer would be willing to fill out a survey. In total, researchers approached 867 customers, 447 of whom agreed to complete the survey. After dropping 27 responses due to missing data, 420 complete surveys were used for the analysis. This resulted in a 48% response rate. The final sample consisted of 176 males and 244 females, with an average age of 34 years and an average relationship length of 7.5 years with their target hotel.

4.2 Measurement

We adapted our measures from established scales when possible. When necessary, items were developed to reflect the conceptual domain of the latent construct. Trustworthiness drivers: Integrity, Benevolence and Competence were largely captured with items adapted from Bhattacharjee (2002), Doney and Cannon (1997) and Sirdeshmukh et al. (2002). Value

Alignment was captured with four items adapted from Doney and Cannon (1997), Morgan and Hunt (1994) and one item developed for this research. Consistency was captured with four items that were developed for this research. Communication was captured with four items adapted from Ball et al. (2004) and Anderson and Narus (1990). Behavioral Loyalty was measured with 4 items adapted from Zeithaml *et al.* (1996) and Macintosh and Lockshin (1997). Attitudinal Loyalty was captured with four items adapted from McMullan and Gilmore (2008) and Yi and Jeon (2003).

In selecting our measures of trust and trustworthiness, we attempted to find established measures that were in line with our conceptualization of these two related constructs. Our trust measures needed to focus on expected future actions of the trustee based on the beliefs of the trustor. There is a fine distinction between this conceptualization of trust and both the trustworthiness and loyalty constructs. Ultimately, we decided to adapt our scale items from the measure of consumer trust developed by Sirdeshmukh et al. (2002). We chose these items not only because they agreed with our conceptualization of trust, but also because they were developed from other well established trust based literature (Ganesan, 1994, Morgan and Hunt, 1994). The three items used to capture trust reflect the beliefs of the consumer about the expected future actions of the hotel which will help reduce consumer risk. The items captured the consumer's belief that the hotel was (a) dependable; (b) has high integrity; and (c) is very competent.

Our conceptualization of trustworthiness dictates that we capture consumer beliefs about past behaviors and characteristics of the trustee that inspire trust and confidence from the trustor. Ultimately, we identified 3 established items and we developed one new item for this research. These 4 items (reprinted in the Appendix) are discussed here briefly. We adapted one item from

Mayer et al. (1995) which focuses on the hotel employees' professionalism and dedication to their customers. One item asked consumers to rate their agreement that the hotel "... usually keeps the promises that it makes" (Kumar et al., 1995). A third item inquired if the hotel had always been honest in the past (Morgan and Hunt, 1994). Finally, we developed one new item that asked if the hotel responded caringly to consumer problems. We were careful to select items that captured our conceptualization of trustworthy behaviors, and also careful to avoid conceptual overlap with our measures of the trustworthiness antecedents.

5.0 Results

5.1 Assessment of Measures

Confirmatory factor analysis (CFA) (Gerbing and Anderson, 1988) was used to assess the validity of all latent constructs in one CFA. Due to low standardized factor loadings, and assessment of the modification indices, several items were dropped from the analysis, namely; one item each from the Integrity, Benevolence, Value Alignment, Consistency, Communication, and Attitudinal Loyalty scales. The final measurement model fit the data well ($\chi^2 = 787.57$, d.f. = 495, $p < 0.01$; Normed Fit Index [NFI] = 0.94; Comparative Fit Index [CFI] = 0.96; root mean square error of approximation [RMSEA] = 0.04; root mean square residual [RMR] = 0.04). The composite reliabilities of items ranged from .81 to .91 (see table 2 below), providing strong evidence for reliability. The strong loadings (all > 0.62) and significant t-values for each item on their hypothesized constructs support the convergent validity of our measures (Anderson and Gerbing, 1988). In order to test the discriminant validity of the constructs, the average variance extracted (AVE) value was calculated for each construct. These ranged from 60% to 78% (see table 2), which were greater than the shared variance from any combination of 2 constructs, providing strong support for discriminant validity (Fornell and Larcker, 1981). Additionally, a

series of nested CFAs was conducted, constraining the correlation between each pair of constructs to unity (Geyskens et al., 1998). In every case, when comparing the constrained model to the unconstrained model, the chi-squared statistic was significantly larger, providing further evidence of discriminant validity. All constructs with the final set of items, and standardized factor loadings from the CFAs are included in Appendix A. Construct means, standard deviations, composite reliabilities, AVE, correlations and coefficient alpha's are included in Table 2.

-- Table 2 here --

5.2 Hypothesis Testing

The research hypotheses are tested using SEM, controlling for measurement error by estimating a full SEM model in which all constructs and the hypothesized relationships between them were estimated simultaneously. As table 3 shows, the structural model fit the data well (NFI and CFI above .90 and RMSEA and RMR below .06). Table 3 includes standardized path coefficients for all the hypothesized paths in the model. The findings show that the nine hypothesized paths are positive and significant providing support for the theoretical framework. Consistency ($\beta = 0.57, p < .05$), competence ($\beta = 0.56, p < .01$), benevolence ($\beta = 0.19, p < .01$), communication ($\beta = 0.49, p < .05$), integrity ($\beta = 0.22, p < .01$) and value alignment ($\beta = 0.24, p < .01$) all have a positive impact on trustworthiness in support of H₁–H₆ respectively. In turn, trustworthiness has a positive impact on trust ($\beta = 0.50, p < .05$) in support of H₇. And trust leads to both attitudinal loyalty ($\beta = 0.34, p < .01$) and behavioral loyalty ($\beta = 0.28, p < .05$) in support of H₈ and H₉ respectively.

-- Table 3 here --

5.3 Model Validation

In an effort to validate the hypothesized model, two competing models were estimated using SEM, focusing in particular on validating the role of trustworthiness as a mediator in the conceptual framework. In order to test this mediational role of trustworthiness, a partial mediation model was estimated (Figure 3) in which the hypothesized model was nested. This model includes direct paths from the trustworthiness drivers and trust such that trustworthiness only partially mediates these relationships. The pattern of effects from the partial mediation model were largely similar to the hypothesized model in that the standardized path coefficients from trustworthiness drivers maintained a positive and significant impact on trustworthiness, and trust had a positive impact on both measures of loyalty. However the additional links from the trustworthy drivers to trust were all insignificant, as was the link from trustworthiness to trust. When comparing the two models, the chi-squared difference test (Anderson and Gerbing, 1988) supports the hypothesized model ($\Delta\chi^2 = 151.07$, d.f. = 7, $p < .01$).

Consistent with extant marketing research, a second alternate model was tested (trust-only) in which trustworthiness was eliminated from the model (Figure 4). This trust-only model is not nested within the hypothesized model, as the direct paths from the drivers to trust are not hypothesized in the framework, but it is nested within the partial mediation model which was the first alternate model tested. When comparing the trust-only model to the partial mediation model, the chi-squared difference test does not find any improvement in fit ($\Delta\chi^2 = 7.61$, d.f. = 115, $p > .10$), suggesting that the trust-only model is not an improvement over the partial mediation model. In order to directly compare the hypothesized model with the trust-only model, the two non-nested models were compared using criteria other than the chi-squared difference test (Groebner et al., 2011). When comparing non-nested models, Aikake's Information Criteria (AIC), Bayesian Information Criteria (BIC), and the Expected Cross-

Validation Index (ECVI) are all appropriate test statistics for model selection (Elster, 1989, Ferrell et al., 2007, Rigdon, 1999). All three criteria supported the hypothesized model as the best fitting model ($AIC_{hyp} = 516.97$ vs. $AIC_{alt} = 643.25$; $BIC_{hyp} = 648.28$ vs. $BIC_{alt} = 763.18$; and $ECVI_{hyp} = 1.41$ vs. $ECVI_{alt} = 1.54$) giving further evidence that the hypothesized model is a better fit than a model that does not include trustworthiness. As this evidence establishes that the hypothesized model is a better representation of the data than the partial mediation model, the authors conclude that their model provides the best fit.

6.0 Discussion

The results of the empirical investigation offer important insights into the process of building customer trust and loyalty. First, the investigation demonstrates the importance of building trustworthiness perceptions for retailers. Second, the results empirically validate trustworthiness as a distinct construct from trust, and show that both have an impact (direct and indirect) on customer loyalty. Third, this research shows that consistency and competence (cognitive antecedents) are as important as building stronger relationships built on customer affect for retailers.

6.1 Implications for Theory

This research extends the body of knowledge by empirically establishing trustworthiness as an antecedent to trust. Existing trust theory argues that trust is built through the development of trustworthiness perceptions (Bews and Rossouw, 2002, Xie and Peng, 2009), however empirical examinations of trust have failed to examine trustworthiness as a mediating lens (Caldwell and Clapham, 2003). The results of this research provide strong evidence that trust is developed through perceptions of trustworthiness in customer relationships. By including trustworthiness in the proposed model we were able to capture the process through which

retailers can build trust, and importantly increase both behavioral and attitudinal loyalty. Future researchers can build on this research by examining the differential impacts of trustworthiness and trust on other relational outcomes, and by examining how these two important and related variables are affected by harmful actions in a relationship.

This research empirically measures trustworthiness perceptions as an outcome of trustworthy behaviors. While theory clearly distinguishes trustworthiness perceptions as a precursor to trust (e.g., Hardin, 2002), researchers have seldom made that distinction clear. Existing trustworthiness research has typically used trustworthy behaviors, or distinct dimensions of trustworthiness, as indicators of trustworthy perceptions. For example, Sirdeshmukh, et al. (2002) capture customer perceptions of competence, benevolence and the problem solving orientation of service providers; Xie and Peng (2009) capture customer perceptions of integrity, competence and benevolence; and in an intra-organizational setting, Joshi (2010) captures salesperson trustworthiness using management's perceptions of salesperson ability, benevolence and integrity. This research advances our understanding of trustworthiness by empirically validating a measure of trustworthiness as an outcome of trustworthy behaviors. This approach is guided by trustworthiness theory, positioning trustworthiness perceptions as mediating the link between trustworthy behaviors and the level of trust placed in a partner (Caldwell and Clapham, 2003, Mayer et al., 1995, McKnight and Chervany, 2001).

Existing research has focused much attention on the affective dimensions of trustworthy behaviors (e.g., Xie & Peng, 2009's affective initiatives after a service failure), however cognitive antecedents are included in this research as well (consistency and competence). We find that these cognitive behaviors are just as important for building trustworthy perceptions as

affective dimensions. This is important from a relationship building perspective – cognitive, routine aspects of the service delivery influence customer perceptions just as much as the more affective dimensions.

Future trustworthiness research may benefit from including other more cognitive aspects of the service delivery, for example consistent servicescape environments, to investigate more possible antecedents to trustworthy perceptions. Similarly, researchers could extend these findings to other settings – for example, inter and intra-organizational relationships. Furthermore, trust and trustworthiness tend to have a greater impact when risk is higher, as they allow relationship members to avoid risk reduction activities (Gundlach and Cannon, 2010) such as monitoring, control mechanisms or quality guarantees.

6.2 Managerial Implications

From a managerial perspective, these findings show that trust and trustworthiness are distinct constructs and that both are important in the development of loyalty among customers. Managers are encouraged to design strategies to build both trust and trustworthiness among customers. Specifically, this research finds that benevolence does not have an impact on trust; however it does have a significant impact on perceptions of trustworthiness.

Overlooking trustworthiness might result in a failure by management to communicate benevolent intentions and strategies to customers, leading to lost opportunities to build perceptions of trustworthiness, which in turn might have an impact on loyalty. These results suggest that it would be beneficial for management to strategically design an overall trustworthy image while still managing individual customer trust through traditional relationship marketing efforts.

Additionally, these findings highlight the fact that cognitive aspects of the retail service delivery (consistency and competence) are important determinants of a trustworthy image. Many marketing communication strategies appear to focus more on the affective dimensions of trustworthy perceptions. Examples of these include Lloyds TSB 'For the Journey' campaign which focuses on a couple's journey through life and into old age without directly addressing the role of the bank. The findings of this study suggest that managers should not overlook the cognitive dimensions that drive trustworthiness, but clearly this research suggests there are benefits for service providers in communicating their ability to deliver a consistent and competent service experience.

This research has some limitations. The results were tested in only one service industry and within only one country. It is possible that in other service industries that are more or less involving, and especially in product industries, that trustworthiness is influenced more by alternative antecedents such as product quality or longevity. Similarly, it is unclear how trust may differ in determinants and consequences if investigated in multiple cultural contexts. For example, it is unclear how different cultural dimensions may interact with trust and trustworthiness perceptions. The structural model used in this research was estimated with results from one cross sectional survey. It would be beneficial to test this model in the context of longitudinal data.

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Appendix A.

Constructs	Measures	Item Loadings
Integrity		
	Show fairness in transactions.	.74
	Always keeps its word.	.84
	The...employees treat me with respect.	.80
Benevolence		
	Acts in a caring manner.	.85
	Keeps its customers' best interest in mind during most transactions.	.77
	Is receptive to my needs.	.78
Competence		
	Has adequate skills to deliver the right service.	.88
	Works quickly and efficiently.	.91
	The...employees can competently handle most of my requests.	.84
	The...employees can be relied upon to know what they are doing.	.79

Value Alignment	
Shares the same values as me.	.72
Is ethical while dealing with me.	.86
Is interested in more than just making profit out of customers.	.76
Consistency	
Is always reliable.	.67
Always matches customers' expectations.	.81
Always satisfies customers' needs.	.78
Communication	
Communicates clearly.	.92
The...respond immediately when contacted.	.80
Inform me immediately of any problems.	.85
Behavioral Loyalty	
I will transact with this...again for future visits.	.74
I will try new services that are provided by this...	.79
I will recommend other people to visit this...	.62
I will say positive things to other people about the services provided at this...	.68
Attitudinal Loyalty	
I will continue to visit this...even if the service charges are increased moderately.	.78
I have strong loyalty to this...	.75
I will keep visiting this...regardless of everything being changed somewhat.	.83
Trustworthiness	
The...employees are professional and dedicated to customers.	.79
The...respond caringly when I share my problems.	.81
My...is always honest with me.	.82
This...usually keeps the promises that it makes.	.76
Trust	
This...is very dependable.	.71
This...has high integrity.	.80
This...is very competent.	.87

All Items are measured using a five-point scale anchored by 1 = "strongly disagree" and 5 = "strongly agree".

Figure 1. Caldwell and Clapham's Mediating Lens

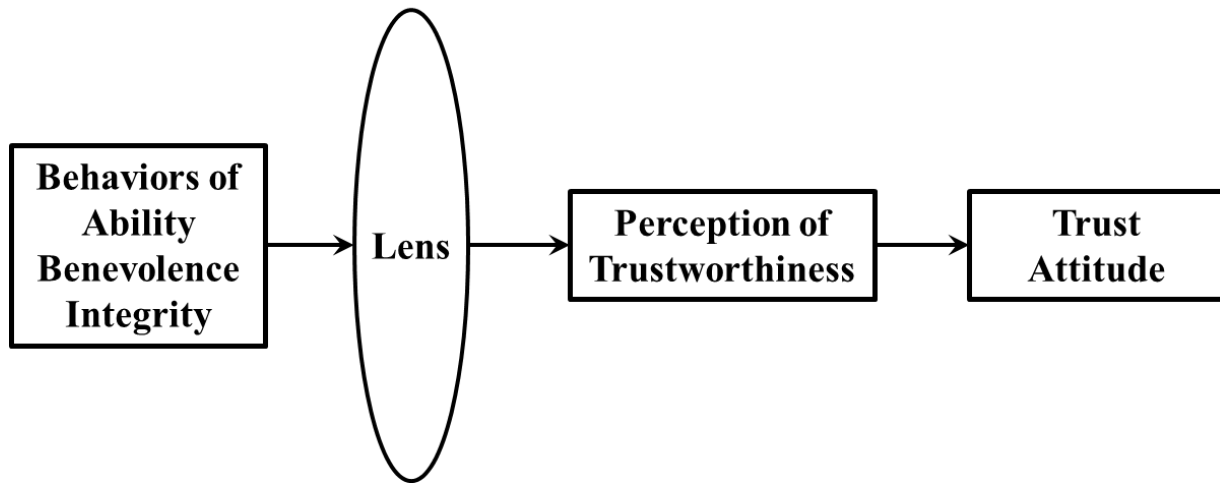


Figure 2. Conceptual Model

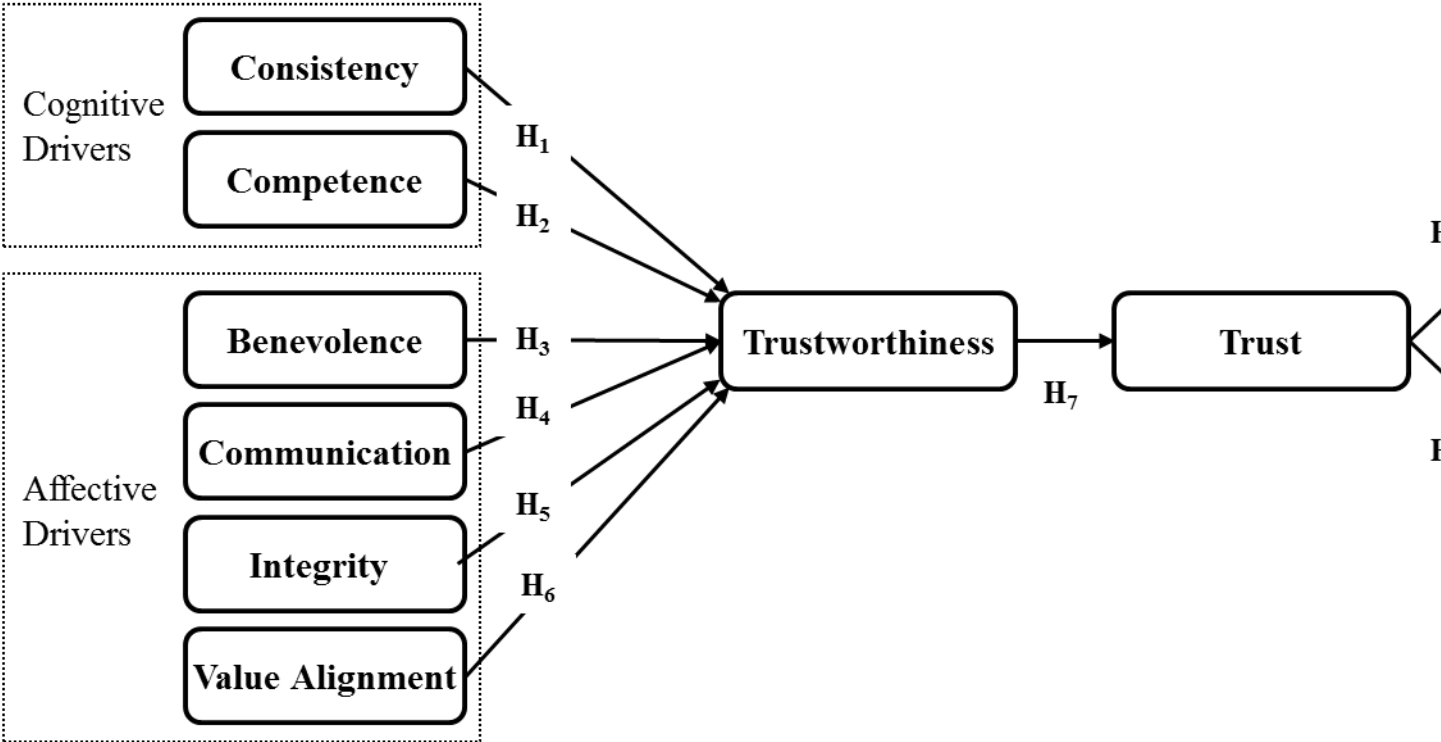
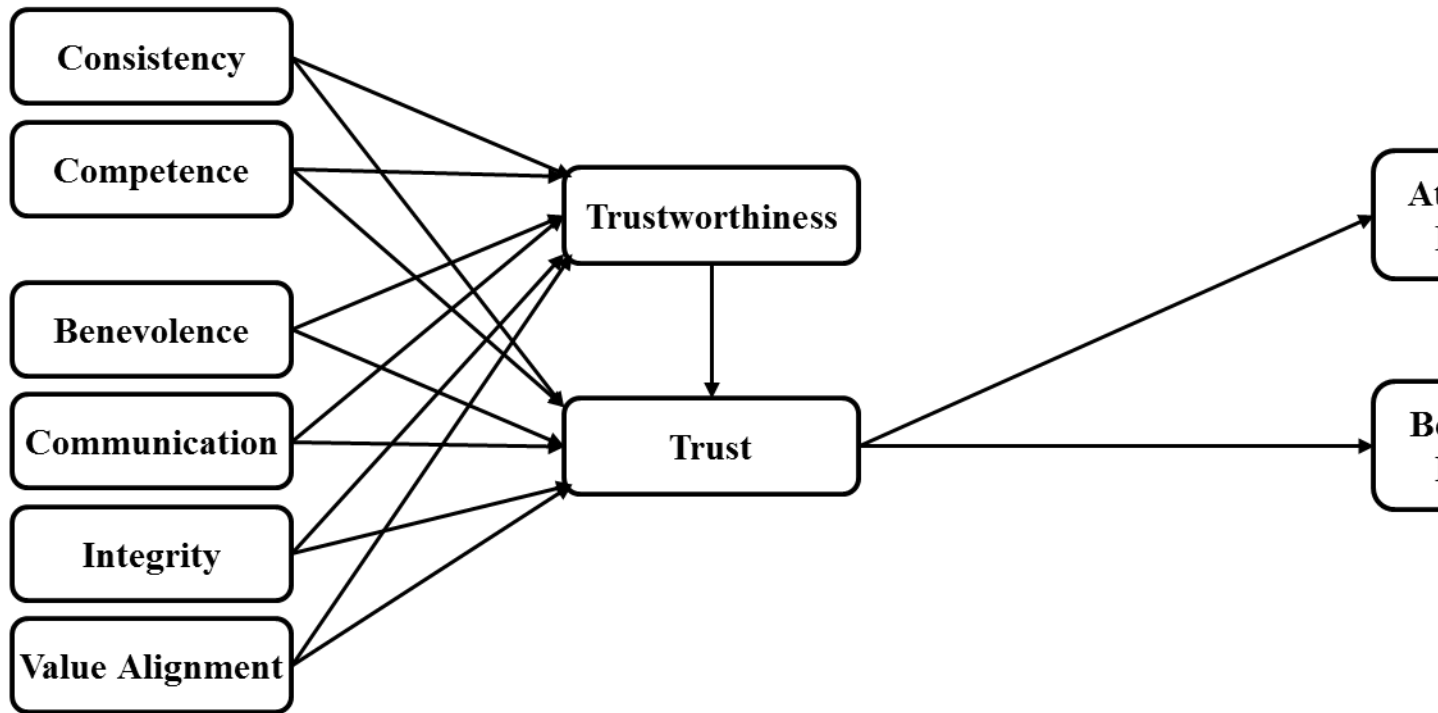
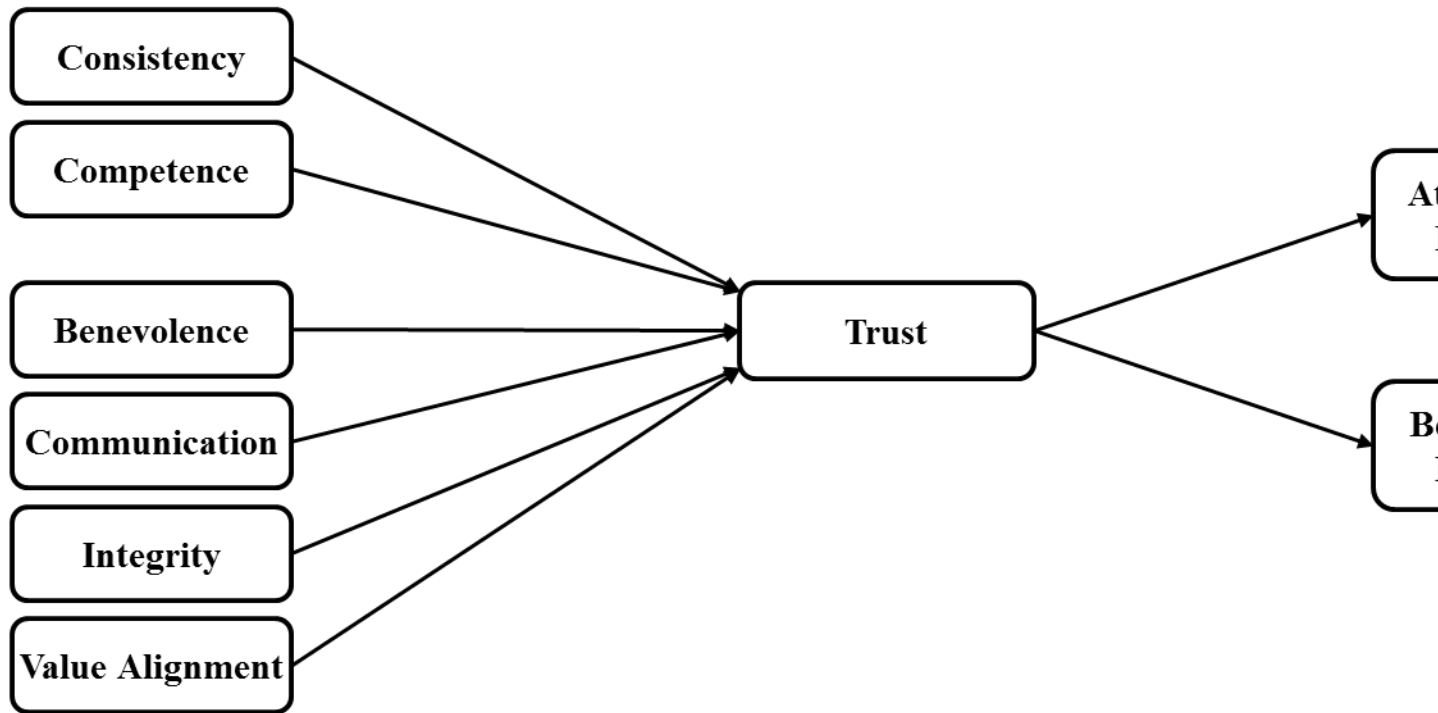


Figure 3. Partial Mediation Model



$\chi^2 = 723.32$, d.f. = 470; RMSEA = .04; RMR = .07; CFI = .91; NFI = .84; NNFI = .81; PGFI = .86

Figure 4. Trust only Model



$\chi^2 = 715.71$, d.f. = 355; RMSEA = .05; RMR = .04; CFI = .88; NFI = .87; NNFI = .85; PGFI = .92

Table 1
Key Differentiators Between Trust and Trustworthiness

Differentiator	Trust	Trustworthiness
Beliefs about...	Future Actions	Past Behaviors
Held within...	Trustor's Psychological State	Characteristics of the Trustee
Effects the relationship by...	Reducing Risk	Inspiring Trust and Confidence

Table 2
Descriptive Statistics and Correlations

Constructs	Mean	S. Dev.	1	2	3	4	5	6	7	8
1. Integrity	4.41	1.59	0.78							
2. Benevolence	4.28	1.82	0.34*	0.79						
3. Competence	4.22	2.35	0.19*	0.37*	0.77					
4. Value Alignment	3.84	1.83	0.22*	0.41*	0.22*	0.84				
5. Consistency	4.16	1.93	0.28*	0.32*	0.33*	0.12*	0.78			
6. Communication	4.21	1.73	0.21*	-0.1	0.37*	0.35*	0.22*	0.80		
7. Behavioral Loyalty	4.22	2.42	0.14*	0.27*	0.11*	0.23*	-0.04	0.37*	0.81	
8. Attitudinal Loyalty	4.30	1.68	-0.02	0.18*	0.23*	-0.01	0.31*	0.24*	0.02	0.73
9. Trustworthiness	3.98	1.78	0.35*	0.36*	0.54*	0.47*	0.17*	0.55*	0.31*	0.27*
10. Trust	4.65	1.32	0.40*	0.31*	0.22*	0.12*	0.46*	0.51*	0.55*	0.24*

Notes: Coefficient alpha is reported on the diagonal. N.A. = nonapplicable items.
Correlations are significant at * $p < .05$ (two tailed test).

Table 3
Standardized Path Coefficients

H1	Consistency	→	Trustworthiness	.44**
H2	Competence	→	Trustworthiness	.58**
H3	Benevolence	→	Trustworthiness	.21*
H4	Communication	→	Trustworthiness	.53**
H5	Integrity	→	Trustworthiness	.28*
H6	Value Alignment	→	Trustworthiness	.37*
H7	Trustworthiness	→	Trust	.47**
H8	Trust	→	Attitudinal Loyalty	.31*
H9	Trust	→	Behavioral Loyalty	.25*

Fit Indices

$\chi^2 = 582.9$, d.f. = 422, $p < 0.001$; NFI = 0.98; CFI = 0.98; RMSEA = 0.04; RMR = 0.06; AIC = 516.97

* $p < .05$. ** $p < .01$.