Trust Based Service Relationship:
The Roles of Benevolence, Competence, and Culture

SIT Yau Fai

薛有輝

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ABSTRACT (ENGLISH)

In service industries, maximizing customers' satisfaction is crucial for running a successful business. Notwithstanding utmost effort to ensure proper service delivery, some degrees of service failure are inevitable even for best-run firms. Failures could be extremely costly for firms but one method of enhancing customers' satisfaction involves trust based service relationship. Satisfaction and post-consumption behavioral intentions, including repatronage intention and complaint intention, were posited to be influenced by benevolence trust, competence trust, and culture.

An experimental 2x3 between-subjects design was used to test the hypotheses. The independent variables were (a) culture, and (b) service relationships (trust). Respective levels of independent variables were individualistic and collectivistic culture, and no prior service relationship, relationship with benevolence trust and relationship with competence trust. Individualistic-collectivistic orientations were assessed in two aspects of self-construal (independent and interdependent), and the two components of trust (competence and benevolence) were manipulated as two experimental conditions in a service failure.

As people with different cultural backgrounds vary in their value of trust, I will also examine whether the effect of trusting service relationship on consumers' reaction vary between individualists and collectivists (Brockner, Chen, Mannix, Leung, and Skarlicki 2000; Hofstede 1980).

The findings indicate that benevolence trust has a relatively more positive impact than competence trust on consumer satisfaction, repatronage intention, and complaint intention. Moreover, there was a significant interaction between types of trust and cultures in predicting satisfaction and complaint intention. Individualistic consumers were more satisfied than their collectivistic counterparts in a competence trust based relationship, and complaint intention of collectivistic consumers are not responsive to the influence of both types of trust based service relationship. In sum, dimensions of trust were found to be a valuable management tool in building up service relationship that mitigated negative consequences of a service failure.

ABSTRACT (CHINESE)

在服務行業裡面，增加顧客的滿意可決定生意的成功。盡管努力確保適當的服務提供，最優秀的公司也無法逃避少許服務失效。服務失效是非常昂貴的，但基於信任的服務關係可提高顧客的滿意。滿意程度和後消費行為的意圖，包含再購買意圖和投訴意圖，被假定受善意信任、能力信任、文化影響。

本研究採用一個 2x3 受試者間設計的實驗來檢驗上述的假設。實驗自變數是（一）文化和（二）服務關係（信任）。自變數的層次分別是（一）個人主義和集體主義的文化；（二）沒有事先交往的服務關係，基於善意信任的服務關係，和基於能力信任的服務關係。個人主義和集體主義的文化取向被放在兩個自我概建裡面（獨立的和互賴的）作評估，而兩種信任（能力和善意）則成為兩個實驗的狀況。

因為人的信任價值會因應不同文化背景而改變，我會研究基於信任的服務關係對消費者反應的功效是否會隨着個人主義者和集體主義者之取向而不同 (Brockner, Chen, Mannix, Leung, and Skarlicki 2000; Hofstede 1980)。

研究結果指出善意信任比能力信任更能對消費者的滿意度、再購買意圖、投訴意圖發揮正面影響。並且，信任次元和文化之間顯著的交互作用更能預測滿意度和投訴意圖。抱個人主義的消費者在能力信任關係中會比集體主義者較為滿意；而抱集體主義的消費者的投訴意圖並不受信任關係的影響。總以言之，信任次元被發現是建立服務關係的一項重要管理工具，從而減輕服務失效的不良後果。

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CHAPTER ONE

INTRODUCTION

1.1 Overview

Trust is a multi-faceted concept and occurs in different contexts, such as between individuals (e.g. employees and management; McAllister 1995), between firm employees (e.g. sales people) and customers (Doney and Cannon 1997), within groups (such as sales teams, Smith and Barclay 1997), between organizations (Ganesan 1994), and at the societal level (Fukuyama 1995). This study is the first to investigate the influence of the two dimensions of trust and culture on individual's satisfaction, and post-consumption behavioral intentions.

In this chapter, the background of trust and service relationship, the purpose of the study, and the significance of this thesis are discussed. The second section introduces the background of trust research and the growing interest of trust in service marketing. Then, the purposes of this thesis are highlighted. In the third section, the significance of this thesis is emphasized. The final section is on the outline of the thesis.

1.2 Background and Purpose

Trust shapes social relations, and a degree of trust in others and institutions is often viewed as essential to satisfactory long-term social relations (Arrow 1972; Rempel, Holmes, and Zanna 1985). Recently, trust has become increasingly

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important as traditional social relations have been eroded in our society. Current day society requires trust to be specifically cultivated in contexts ranging from interpersonal relationships to global systems of interaction (Giddens 1994). Hence, scholars have written extensively about trust in diverse fields as anthropology, economics, marketing, organizational behavior, psychology, and sociology.

To tackle the proliferation of trust research, Bigley and Pearce (1998) suggests organizational scholars to delimit the huge volume of trust research to that which is pertinent to their specific research questions. In marketing, trust has been considered as the essence of business-to-business and consumer relationships, and marketing scholars have highlighted the antecedents and consequences of trust in dyadic relationships (Anderson and Weitz 1989; Dwyer, Schurr, and Oh 1987; Johnson and Grayson 1996; Morgan and Hunt 1994).

Trust is most commonly studied as a global, multi-dimensional construct in marketing (Ganesan 1994; Doney and Cannon 1997; Sirdeshmukh Singh, and Sabol 2002). This multi-dimensional conception of trust is useful and robust (Ganesan and Hess 1997; Mayer, Davis, and Schoorman 1995; Rempel, Holmes, and Zanna 1985; Singh and Sirdeshmukh 2000). Consumer trust entails both the belief that the product or service provider has the skills, ability and expertise (competence; Singh and Sirdeshmukh 2000) and the belief that the service provider is concerned about the welfare and best interests of the consumer (benevolence; Ganesan 1994).

In this study, I will focus on the firm employee-customer dyad in an attempt to contribute to the literature in two ways: to examine the effects of benevolence and competence trust on satisfaction, repatronage intention, and complaint intention, and the cross-cultural difference of the effects. Specifically, the study will answer the following questions:

1. How benevolence and competence trust based service relationship moderate

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the impacts of service failure on satisfaction, repatronage intention, and complaint intention.

2. How the effectiveness of benevolence and competence trust based service relationship differ across individualist and collectivist culture on satisfaction, repatronage intention, and complaint intention.

1.3 Significance of this Thesis

Despite the significant research on customer satisfaction and behavioral intentions upon a service failure, multinational firms rely on relatively little information in handling service relationship across cultures. Notably, the vast majority of published research on consumer reaction to service failure under trust based service relationship is Western-based, thus raising questions as to generalizability of findings to non-Western countries.

Moorman et al. (1993) suggests researchers to examine the potential moderating effects of culture on the relationship between interpersonal characteristics and trust. Specifically, Geysken, Steenkamp and Kumar (1998) calls for research on trust in Asian countries. Although Huff and Kelley (2003) examined how societal culture may influence organizational trust, no study in marketing has covered consumer trust and culture, individualist and collectivist culture in particular. To fill a theoretical gap with high practical relevance, the effects of culture and dimensions of trust on consumer reaction to a service failure will be investigated in this thesis.

Cultural factors significantly influence consumer reaction to service failure. Specifically, the theory of individualism and collectivism holds important insights about consumer behavior that can help us to gain a better, more complete

understanding of the trust based service relationship phenomenon. The cross-cultural similarities and differences in our dependent variables reflect a level-oriented approach common in cross-cultural service research (van de Vijver and Leung 1997). For decades, the major themes of cross-cultural research had been focused on discovering similarities and differences in variables across variables. Contemporary trends, however, are moving towards structure-oriented studies that emphasize the relationships among variables (Smith and Bond 2003). The relative impact of benevolence trust and competence on the dependent variables of interest is more a structure-oriented issue that emphasizes relationship among variables. Both level- and structure-oriented aspects will be covered in the current research.

On the managerial aspect, this study offers opportunities for practitioners to get a better grip of the effects of the two types of trust based service relationship on behavioral consequences of a service failure. Given the features of heterogeneity and intangibility, service failures are bound to happen in service encounters (Zeithaml, Parasuraman, and Berry 1990). It is important for service marketers to realize how the two types of trust could mitigate negative consequences of a service failure.

1.4 Outline of this Thesis

The study first reviews the literature that provides the conceptual and theoretical development. The construct of trust will be discussed, distinguishing between benevolence and competence trust, and cross-cultural theories of individualism and collectivism will be highlighted in chapter two. Next, I develop hypotheses about the impact of culture and relative influence of the two types of trust on satisfaction, and behavioral intentions in the theoretical and conceptual development in chapter three.

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A 2 x 3 between-subjects experiment was conducted to test the hypotheses in chapter four. In the present study Canada was selected as an individualistic country, while China was regarded as a collectivistic society to help illustrate the influence of culture on satisfaction and consumer reaction to service failure. The results are presented in chapter five and a discussion with implications is presented in chapter six.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

The literature review has pinpointed gaps in prior research and provides guidance to what kind of studies are likely to add materially our degree of knowledge. The construct of trust, usually defined as belief in the responsiveness and beneficence of another in time of need, has had a long history in psychology (Holmes 1991) and other disciplines. To provide the background and theoretical framework on which this experimental study is based, three bodies of literature are reviewed. First, different areas in marketing and social science covering dimensions of trust are considered. Second, trust based service relationship is introduced and its impact on satisfaction and post-consumption behavioral intentions are reviewed. Third, the major dimension of cross-cultural research, individualism and collectivism, is introduced.

2.2 Service Marketing and Trust

Trust has been the topic of numerous investigations in the fields of communication (Hall 1959), organization studies (Arrow 1972), marketing (for review, see Johnson and Grayson 2000), and psychology (Rempel, Holmes, and Zanna 1985). There have been two basic ways of approaching the topic of trust in social sciences. One is regarding trust as a single dimension, exemplified in the

empirical contributions of Strickland (1958). A second approach is to view trust as a multidimensional construct, as illustrated by a number of marketing studies. A recent example is White (2005).

2.2.1 Dimensions of Trust

Consistent with Lewicki and Bunker (1995) comments on the study of trust in social sciences in general, the current thinking in marketing is that trust is not a unidimensional concept. The literature on trust in channel relationship highlights the role of honesty and benevolence. Of the stream of studies that bear directly on the proposed question, Ganesan (1994) found that the two facets of trust demonstrated different relationships with other variables, and Kumar, Scheer and Steenkamp (1995 a, b) measured two facets of trust individually in a dealer study too. None of these attempts have conceptualized the trust dimensions specifically for consumer exchange. Beyond the difference in operational measurement, these studies confirm conceptually the agreement of multi-dimensionality of trust.

2.2.2 Benevolence and Competence Trust

Factors that lead to trust have been considered repeatedly in the marketing literature. The literature highlights the roles of trust mainly in channel of distribution and service settings. In service marketing, a consensus seems to be emerging that trust encompasses two essential elements: trust in the provider's benevolence and trust in the provider's competence.

Competence trust is predominantly grounded in beliefs about the provider's skills, credibility and expertise. A number of researchers have discussed competence trust using several synonyms, e.g., Selnes and Gønhaug (2000) considers reliability as an important element of service relationship, Lewicki and Bunker (1996) discusses knowledge-based trust in the place of competence trust in a professional relationship, and in Crosby, Evans and Cowles (1990) perceived expertise is identified as a critical characteristic of a service relationship.

In contrast, benevolence-based trust is predominantly grounded in perceived benevolence, the belief that the trustee wishes the trustor well, aside from an egocentric profit motive (Mayer et al. 1995). Benevolence trust involves the perceived willingness of the trustee to behave in a way that benefits the interests of both parties with a genuine concern for the partner even at the expense of profit (Garbarino and Lee 2003). A number of theorists have included characteristics similar to benevolence as a basis for trust. Lewicki and Bunker (1996) uses the words identification-based trust to define benevolence. Johnson and Grayson (2005), and McAllister (1995) consider benevolence as an affect-based trust. The former team of researchers illustrates their benevolence related construct by a financial adviser who recommends "a product that saves the customer transaction fees and earns little or no commission for the adviser," (Johnson and Grayson 2005, p.501). In sum, benevolence is defined as "the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive." (Mayer et al. 1995, p.718)

A service relationship may build more on one type of trust than the other. It is likely that the two dimensions of trust work differently in service failure. Although consumers often have stronger intentions to purchase from a provider they trust (Sirdeshmukh et al. 2002), this could be true because the provider is seen as highly

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competent, as benevolent, or both. The two different types of trust, benevolence and competence, are discernibly different but are linked and build on each other as a service relationship develops. Lewicki and Bunker (1996) suggest a stage wise development of trust in professional relationship. The second stage of trust, knowledge-based trust, is based on competence of the service provider. The third stage of trust, identification-based rests on the benevolence of the service provider.

2.3 Trust Based Service Relationship and Customer Reactions

Services are generally difficult to evaluate prior to purchase (Zeithaml 1981), and are perceived as high risk (Murray 1991). Smith, Bolton, and Wagner (1999) has pointed out that service failure involve two dimensions, i.e. outcome and process. Outcome failures involve tangible loss and economic resources, whereas process failures involve intangible loss and social resources. Service failures are unavoidable even in the best-run organizations but service relationship could mitigate the adverse effects of service failure (Jones, Mothersbaugh and Beatty 2000; Mattila 2001). In Jones et al. (2000) interpersonal relationship has been identified as one of the switching barriers for customer defection. Two scenario experiments in Mattila (2001) have demonstrated that building a true service relationship might be a critical factor in ensuring customer loyalty with a failed recovery attempt.

Trust-commitment theory has come a long way since Morgan and Hunt (1994) originally proposed the empirically tested model of relationship marketing. Trust and commitment are the key underlying elements of service relationship (Morgan and Hunt 1994). Trust mediates the effects of various deterioration behaviors of service firms on customers' loyalty behaviors, and has also played a key role in recent

research related to service relationship (Doney and Cannon 1997; Dyer and Chu 2000; Sirdeshmukh et al. 2002).

Mayer et al. (1995) and Strickland (1958) highlighted the importance of the role of context in a service relationship. Besides the balance of power, benevolence and competence represent two important facets of trust in a channel relationship (Anderson and Weitz 1987; Kumar, Scheer and Steenkamp 1995 a, b). In the customer-organization context, a salesperson's expertise has been identified as one of the dimensions of trust (Doney and Cannon 1997; Smith and Barclay 1997). Marketing scholars working in the domain of service relationship also distinguish two main forms of trust: benevolence and competence (Sirdeshmukh et al. 2002). I adopt this view and the study reflects the benevolence and competence dimension of trust identified by marketing scholars in the interpersonal and interfirm context. Studies in marketing have shown that trust in service providers influences a variety of consumers' behaviors following a service failure, which will be reviewed below.

2.3.1 Satisfaction and Service Relationship

Satisfaction has been defined in a number of ways. It is "an overall evaluation based on the total purchase and consumption experience with a good or service over time" (Anderson, Fornell, and Lehmann 1994, p.54). Cronin and Taylor (1994) also suggests that satisfaction is a cumulative evaluation and represents a global judgment rather than a transaction specific measure. For the purpose of this research, satisfaction is operationalized in a manner consistent with Anderson, Fornell, and Lehmann (1994), and Cronin and Taylor (1994).

In line with Dwyer et al. (1987) findings, Anderson and Narus (1990) find a

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direct relationship between trust and satisfaction in channel relations and trust of a supplier enhances channel member satisfaction. In a services setting, Garbarino and Johnson (1999) demonstrate that trust mediates the satisfaction on future intentions but the role of prior trust in shaping satisfaction was not considered. In particular, Singh and Sirdesmukh (2000) posit that the two dimensions of trust directly influence satisfaction. As such, satisfaction is included in the research to examine its relationship with benevolence and competence trust, and its cross-cultural difference under the two types of trust.

2.3.2 Behavioral Intentions and Service Relationship

In addition to customer satisfaction, the length and types of service relationship are expected to have significant impact on consumer reaction to a service failure, i.e. post-consumption behavioral intentions. Zeithaml, Berry, and Parasuraman (1996) emphasizes the importance of measuring future behavioral intentions of consumers to assess their likelihood of remaining or leaving the organization. Two relevant consumer responses to service failure will be considered in this research: repatronage intentions and complaint intentions (Richins 1983). Hirschman's "Exit, Voice and Loyalty" (1970) has been used in a wide range of settings in service marketing. Loyalty reflects how likely the customer will stay with the service provider, i.e. repeat purchase. Repatronage intention or repeat purchase behavior has often been addressed in service research (Cronin and Taylor 1994). Given the cost of getting a new customer is more expensive than retaining an existing customer, repatronage intention is a crucial consideration for service marketers.

When customers are disappointed, they may or may not complain. Literature

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abound in predicting the complaint intentions in terms of market factors, product characteristics, and consumer traits such as demographics, beliefs and attitudes, personality, and emotion (Stephens 2000). Singh (1988) has elaborated Hirschman's (1970) seminal work on taxonomies of dissatisfaction responses and re-confirms that complaint intention should be included as a distinct dependent construct in the complaining behavioral model. Likewise, complaint intention is likely to play a key role in trust based service relationship.

2.4 Culture, Self-Construals and Trust

Trust is a natural and essential component of interpersonal relationship schema (Berscheid 1994; Rempel, Holmes, and Zana 1985). Hall (1959) and Arrow (1972) suggest that there are differences in levels of trust throughout the world. No work, to our knowledge, has addressed cultural differences in the moderating role of trust in service relationship. The study of trust on consumer reactions to service failures had yet to incorporate culture as another relevant dimension. Only a few studies have compared benevolence and competence trust in the West to similar social phenomenon, e.g. financial products with high or low risk (White 2005). We will investigate how culture moderates consumer reactions to service failure, operationalized by individualism and collectivism.

Since Hofstede (1980) pioneer work in differentiating individualist and collectivist cultures, there has been an increasing interest in researching the I/C dimension in cross-cultural psychology (e.g. Triandis 1994), management (e.g. Brockner et al. 2000; Huff and Kelley 2003), and marketing (e.g. Aaker and Williams 1998; Patterson and Smith 2003). Hofstede (1991) defines individualism as

"societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family" (Hofstede 1991, p.51), and collectivism as "societies in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty" (ibid, p.51).

Numerous investigations using a wide variety of methods have demonstrated the distinctive characteristics of individualism and collectivism and effects of such differences on different psychological variables (for review, see Oyserman, Coon and Kemmelmeier 2002; Triandis, 1990, 1995), and on organizational studies (for review, see Earley and Gibson 1998). From converging evidence across previous empirical studies to explain cultural variations, the United States and generally the English-speaking countries are considered to be high on individualism, whereas parts of Europe and much of Africa, Asia, and Latin America are found to be high on collectivism (e.g., Hofstede, 1980; Triandis, 1994).

Parallel to individualism and collectivism at the culture level, Markus and Kitayama (1991) proposed the independent and interdependent view of the self in their seminal paper at the individual level. Independent individuals are regarded as "egocentric, separate, autonomous, idiocentric, and self-contained" (p. 226), whereas individuals with interdependent views of self are said to be "sociocentric, holistic, collective, allocentric, ensembled, constitutive, contextualist, and relational" (p.227). Besides self-concepts, they argued that culture affects the ways in which people conceive of the relationship of self with others.

Based on Markus and Kitayama (1991) conceptualization, Singelis (1994) constructed self-construal that has two dimensions, namely independent and interdependent. Gudykunst, Matsumoto, Ting-Toomey, Nishida and Heyman (1996) also developed measures of independent and interdependent self-construals and

found that self-construals were better predictors of low- and high-context communication styles across cultures than cultural individualism-collectivism. So we expect that measuring self-concept at the individual level across cultures should produce parallel although not identical results to the cultural level analysis.

CHAPTER THREE

THEORETICAL AND CONCEPTUAL DEVELOPMENT

3.1 Overview

Trust has been defined in different ways and is an important research area in many interpretations in marketing (e.g., channel relationship, business to business marketing). The focus here is on consumer trust in service provider, i.e. buyer to seller relationship. The centrality of trust in developing service relationship has been emphasized repeatedly in the marketing literature (for example, Doney and Cannon 1997). In the following sections, the theories and concepts of main constructs in this study are highlighted. Then, a series of testable hypotheses are proposed to test the relations between benevolence trust, competence trust, satisfaction, and post-consumption behavioral intentions across cultures.

3.2 Effectiveness of Benevolence and Competence Trust

Extant literature recognizes that trust influences satisfaction, and post-consumption behavioral intentions in a service relationship (Anderson and Narus 1990; Hui, Zhao, Fan, and Au 2004). However, the relative impact of the two dimensions of trust on these dependent variables is less clear. The types of trust based service relationship might have different effects on customers' satisfaction, and other behavioral intentions, including repatronage intention and intention to complain.

In specifying the dimensions of trust for understanding their roles in service relationship, the theory that I use will be Herzberg's two-factor theory of motivation (Herzberg 1966, 2003). This theory indicates that there are two kinds of factors that influence the motivation of employees, i.e. hygiene factors and motivators. Besides motivation at work, the theory has been applied to service research (Hui et al. 2004; Johnston 1995; Maddox 1981). All of these researchers used some factors as defined by Herzberg. In the current study, the two factors will be referred as qualifying factor, i.e. hygiene factor, and vantage factor, i.e. motivator (Hui et al. 2004).

The two types of trust have been shown to influence consumer satisfaction and behavioral intention in business marketing (Selnes and Gønhaug 2000). In Selnes and Gønhaug (2000), data were collected in a telephone survey of business customers of a telecommunication company. Although Selnes and Gønhaug have named competence as reliability in their study, their conceptualization of the benevolence and competence dimensions is in line with literature on trust and service relationship. Examples of reliability construct in the study are "relevant information is provided timely and accurately," and service employees are "knowledgeable about their business and their products." (ibid, p.259)

They found that benevolence trust generated liking or positive affect toward the service provider, and suggested that benevolence trust, as a vantage factor, is a psychological extra and the "liking" created could activate a favorable behavioral intention. On the other hand, absence of competence trust was found to discourage further participation of the relationship, and the mere presence of competence trust, as a qualifying factor, was unable to motivate the consumer to act more positively upon a service failure.

Furthermore, negative emotions and affect (i.e. dislike) toward the supplier were invoked by a lack of competence trust in a service relationship and resulted in a

block for maintenance and development of the relationship. Competence trust, as a qualifying factor, may lead to dissatisfaction, thereby indirectly contributing to unfavorable behavioral intentions. In other words, if the service relationship has only developed into a competence trust based service relationship, actions (service failures) that threaten the transactions between the parties may lead to less satisfaction and more pronounced negative behavior than a benevolence trust relationship.

However, if the relationship has developed into a benevolence trust based relationship, the same action may have a negligible impact, one easily repaired through the strong bonds that the parties have built with each other through affect. As a vantage factor, benevolence trust is a psychological extra, and renders affective bond building with ease. The bond is a resilient favorable evaluation of service provider by customers. Zajonc noted that "once formed, an evaluation is not easily revoked....Affect often persists after a complete invalidation of its original cognitive basis" (Zajonc 1980, p.157). In an organizational context, Holmes and Rempel (1989) noted that as affect-based trust develops, key attributions, such as "this colleague genuinely cares about me," become incorporated into a stable and global picture of a partner's motives. In a benevolence based trust relationship, the attributed motives of higher satisfaction level and more favorable behavioral intention are mightier than in competence trust relationship, even in the face of a service failure.

It has been shown in channel relationship studies that benevolence trust bears a stronger influence than competence trust on satisfaction (for example, Ganesan & Hess 1997). Trust of channel members leads to high satisfaction by an implicit belief that the actions of the partner will result in positive outcomes or not result in negative outcomes (for example, Andaleeb 1996). The greater the level of benevolence trust of a consumer in a service provider, the greater will be the consumer's satisfaction to the supplier, the customer will be motivated to stay with the service provider, and his

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or her complaint intention will be reduced.

Based on the above theoretical considerations, trust based service relationship will mitigate the negative consequences of an unfavorable service outcome, and the mitigating effects of the two types of trust vary.

> H1a: Given a service failure, customer satisfaction will be higher among customers in the benevolence trust relationship than among customers in the competence trust relationship.

> H1b: Given a service failure, customers in the benevolence trust relationship are more likely to repatronage the service provider than those in the competence trust relationship.

> H1c: Given a service failure, complaint intention will be relatively lower among customers in the benevolence trust relationship than in the competence trust relationship.

The relative impacts of benevolence and competence trust on satisfaction, repatronage intention and complaint intention have already been hypothesized. The effects of culture on satisfaction and post-consumption behavioral intentions will be covered in below sections.

3.3 Self-Construals and Service Failure

If a service provider fails to deliver the service on terms and conditions included or implied by the exchange agreement, the customers will suffer from a breach of psychological contract and adverse outcomes in the marketing exchange. The losses could be based on socio-psychological or economic resources.

Dissatisfied customers respond to service failure in a number of ways, such as

complaining in the current study (Richins 1983; Zeithaml, Berry, and Parasuraman 1996). Thomas and Au (2002) have shown that cultural groups reacted differently to a failure due to different considerations and psychological mechanisms. With different theoretical underpinnings, satisfaction and repatronage intention will be covered under separate heading from complaint intention.

3.3.1 Satisfaction and Repatronage Intention

As a result of interaction of the two components of trust and service failure, the concerns of members of individualist versus collectivist cultures upon service failure often vary. The mitigating effect of prior types of trust, benevolence or competence, on service failure may differ across self-construals because relationship differences could determine how the customer evaluates the losses psychologically or economically.

Self-construal bears a profound effect on individual's reactions to specific incidents, e.g. service failure, and shapes the psychological perspective they adopt in the overall evaluation process of a partner in a relationship, i.e. service provider. Researchers in psychology have shown that customers as individuals act in ways that keep their established perceptions, schemata, and memories by cognitive consistency (for review, see Greenwald 1980). Drawing from cognitive consistency arguments, collectivists are relatively more salient to relational elements of a marketing exchange under benevolence trust. From Fiske and Taylor (1991), cognitive consistency is preserved through selective perceptions: by one's seeking out, and interpreting one's environment that reinforce one's prior knowledge, beliefs, and attitudes. Consumer reactions, such as customer satisfaction, following a service

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failure depends on the way resources are valued and categorized (Smith, Bolton and Wagner 1999).

In a collectivist culture, customers are interdependent with selected others (in-groups). They appear to place group interests above individual interests (Triandis 1995), and share norms that promote achievement of harmony. Conceivably, collectivistic consumers may consider the service provider to be an in-group member and will be affected by symbolic/psychological loss more. Hence, benevolence trust is more salient therein.

In a benevolence trust based relationship, collectivists are likely to use a longer–term metric and are also more likely to ascertain that the service provider is concerned about the welfare and best interests of them. They will discount one incident of service failure more readily than individualists, who will tend to focus on the more immediate evidence of one service failure. Collectivistic customers may want to be treated by service providers in ways that are psychologically rewarding, not simply economically beneficial. Collectivists may react to the service failure by acquiescence (Morgan and Hunt 1994) and stay with the service provider. Therefore, benevolence trust should have a stronger positive effect on consumer reaction to service failure, such as satisfaction, in a collectivistic culture.

In individualistic culture, individuals tend to regard themselves as independent to each other. Canadian culture is no exception and fosters independent self-construal. Consumers with independent self construal tend to assess the service relationship over a short period of time. They are expected to pay more attention to economic loss and to information regarding immediate compensation of effort. Thomas, Au, and Ravlin (2003) confirmed that independent self-construals value specific, short-term, monetary obligation in a psychological contract which is based on mutually perceived obligations (Rousseau 1995). As stated by Rousseau, "contract is a mental

model that people use to frames events such as promises, acceptance, and reliance" (1995, p. 27). The independent consumers tend to look after transactional elements of an exchange and are less concerned with benevolence. Competence trust is a more compatible resource for individualist culture and is relatively more salient therein. It should have a stronger positive effect on consumer reaction to service failure, such as repatronage intention, than in a collectivist culture. Individualists interpret a service failure under a competence trust based relationship in a relatively neutral or positive term, and the service failure may be viewed as a temporary lapse, and unintentional event, or outside the control of the service provider. Hence, the mitigating effect of competence trust would be more pronounced in cultures that foster independent self-construals.

The above discussions are summarized by the following hypotheses for the effect of benevolence and competence trust on satisfaction and repatronage intention on service failure across cultures:

> H2a: Benevolence trust based relationship will have a stronger (positive) effect on satisfaction upon a service failure in China (a culture that fosters more interdependent self-construals) than in Canada (a culture that fosters more independent self-construals).

> H2b: Competence trust based relationship will have a stronger (positive) effect on satisfaction upon a service failure in Canada (a culture that fosters more interdependent self-construals) than in China (a culture that fosters more interdependent self-construals).

> H3a: Benevolence trust based relationship will have a stronger (positive) effect on repatronage intention in China (a culture that fosters more interdependent self-construals) than in Canada (a culture that fosters more independent self-construals).

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H3b: Competence trust based relationship will have a stronger (positive) effect on repatronage intention in Canada (a culture that fosters more interdependent self-construals) than in China (a culture that fosters more independent self-construals).

3.3.2 Complaint Intention

Stephens and Gwinner (1998) found that some consumers might not complain because they fear being rude, bothering someone, or hurting someone's feeling. These factors are part and parcel of "face". But complaint is an invitation to dispute and direct confrontation. Bond (1991) considers such action as an invitation to *luan* (chaos) and disruption of the harmonious fabric of personal relationships. Collectivists try to avoid getting into conflict with others, in-group members in particular (Leung 1997). In trust based service relationship, customers maintain frequent contact with the service provider. Conceivably, they may consider the service provider to be one of their in-group members (Au, Hui, and Leung 2001). To save other face could lead to a harmonious relationship. It is in the customers' interest to abstain from complaining, as face could be used as a mechanism for strengthening *guanxi* in a collectivistic culture (Hwang 1987), and *guanxi* could persist long after parties to a relationship no longer have face-to-face interaction (Goodwin and Tang 1996). Consequently, they are unlikely to complain to the service provider upon a service failure under a trust based service relationship.

Furthermore, Ting-Tommey (1988) suggests that collectivists avoid conflict if at all possible because there is a strong cultural norm of no-complaint. People with interdependent self-construals, such as Chinese customers, would be reluctant to complain even in the no prior relationship scenario.

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Goffman (1969) and Ho (1976) have pointed out that face is a human universal. What constitutes a desirable face, however, is culturally more specific. The effect of face on complaint intention is not necessary the same for individualists or collectivists. The focus of face in an individualist culture is primarily the "I" (Smith and Bond 1998). Individualists treasures independent self-construals and see events as the result of individual efforts rather than from all participants in a service relationship. They look on conflict from a task rather than social perspective. Without prior relationship, individualistic customers will not be inclined to take face into consideration in determining whether to complain or not. With the development of service relationship, their complaint intention will be subject to the influence of both types of trust.

Based on the above discussion, trust based service relationships and no prior service relationship are expected to have similar effect on complaint intention for people with interdependent self-construals. Whereas, for independent self-construals, trust based service relationships are expected to mitigate complaint intention on a service failure. Accordingly, I hypothesize the following cross-cultural differences:

> H4a: Given a service failure in Canada (a culture that fosters more independent self-construals), a benevolence trust based service relationship will have a stronger mitigating effect on complaint intention than in China (a culture that fosters more interdependent self-construals).

> H4b: Given a service failure in Canada (a culture that fosters more independent self-construals), a competence trust based service relationship will have a stronger mitigating effect on complaint intention than in China (a culture that fosters more interdependent self-construals).

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CHAPTER FOUR
RESEARCH METHODOLOGY

4.1 Introduction

Trust and service relationship have been identified as important factors in consumer behavior and channel relationship. The constructs have been studied in multiple disciplines including economics, psychology, sociology, and marketing, using many different methods, including laboratory experiments (e.g., Buchan and Croson 2004), scenario experiments (e.g., Andaleeb 1996), surveys (e.g., Anderson and Narus 1990), and qualitative techniques (e.g., Heffernan 2004). Much research has focused on the implications of trust for organizational performance and consumer behavioral intentions. From a meta-analysis about trust in marketing channel relationships, Geyskens et al. (1998) suggests that the use of experiments tends to produce larger effects than the use of field studies. It is also true that "cross-cultural experimentation is typically employed to explore behavioral issues", such as repatronage intention (Leung and Su 2004, p.91). In the present study, scenarios were used to manipulate the types of service relationship.

4.2 Research Design

The study was prepared for the determinants of consumer reactions via trust and adopted a 2 x 3 between-subjects design: culture (individualist or collectivist) x trust based service relationship (no prior relationship, benevolence trust, or competence trust). Participants were asked to role play the experience of a consumer in patronizing a computer repair service in assigned written scenarios.

Trust in the service provider appears to develop over time and only after a relationship has been established between the customer and the organization (Gwinner, Gremier, and Bitner 1998; Morgan and Hunt 1994). In the no prior service relationship scenario, the participant found a computer shop on the web for repair.

On the other hand, information was provided about a consumer-service provider relationship that had been on-going for about 5 years for benevolence and competence trust scenarios. The time period is necessary as "interpersonal trust in business relations is rarely offered spontaneously but requires an extended period of service experience" (Lane 1998, p.21).

The two types of trust were manipulated by the behavior of the service provider (John) in handling the service. In the benevolence trust scenario, the service provider was care about the welfare and best interest of the participant, e.g., "he has always recommended inexpensive products and service options that would earn a lower commission for him." In the competence trust scenario, the service provider (John) has the skills, ability and expertise in handling the service, e.g., "John has advanced product knowledge and his advice has always helped you solve hardware and software problem." Finally, the participants were told of the service failure that "although the computer can work again, it still has some minor problems and does not function as well as before." The full scenarios are given in Appendix I.

The original English questionnaire was used in Canada, i.e. an individualistic culture. A Chinese version of the questionnaire was used in China, i.e. a collectivistic culture. A bilingual graduate student translated the English version into Chinese, and then back translated by a different Chinese-English bilingual for linguistic equivalence (Smith and Bond 1998). To further ensure that participants in Mainland China would be able to comprehend the translated items, four graduate students and one faculty member from Mainland China reviewed the questionnaire and scenarios for usage and tone of language employed. Some wording changes were made on the basis of their reviews.

4.3 Procedures

Participants were randomly assigned to one of the three relationship/trust experimental conditions in a culture group. Canada (individualism score = 80, Hofstede 1991) was chosen as a highly individualistic country. Though China was not in the original Hofstede's study, Oyserman, et al. (2002) found that Chinese was the only Asian showed large effects, being both less individualistic and more collectivistic, in their meta-analysis. Hence, Mainland China was chosen as a highly

collectivistic country in our study. The two cultural groups have also been chosen in carrying out cross-cultural service research on complaint handling (Hui and Au 2001)

After completing the questionnaire, participants were asked to guess what the research was trying to do. Common guesses were consumer research and interpersonal relationships in a service context. Responses indicated that participants were unable to guess the researcher's hypotheses and suggested that demand effects were minimal.

4.4 Participants

The total sample consisted of 195 undergraduate students at Universities in Canada and China. 12 participants, who failed to understand the scenarios in the experiment, were dropped from the study. For instance, in the no prior relationship scenario, the focus is on those behavioral intentions in response to the service provider with which they have no prior service relationship. To ensure adherence to this no relationship criterion, participants who rated their customer-service provider relationship as over 4 on a 7-point semantic differential scale on length of relationship were excluded from data analysis.

Of the remaining 183 participants who were the focus of this study, 88 were male (48.1%), 92 female (50.3%), and 3 missing data (1.6%). Participants ranged from 18 to 59 years in age, $M = 22.3$, $SD = 4.4$. The ethnocultural background of the final sample was Han Chinese 92 (50.3%), Chinese minorities 4 (2.2%), Caucasian 68 (37.2%), Indian 3 (1.6%), Hispanic 3 (1.6%), mixed race 3 (1.6%), Canadian minorities 3 (1.6%), and missing data 7 (3.8%). The demographic profiles of the two cultural groups are given in Appendix II.

4.5 Measures

Length of relationship was measured by a set of two semantic differential items, long time/short time and well-established/newly established on a 7-point scale, from Hui et al (2004). The reliability of the length of relationship measures was satisfactory ($\alpha = .88$).

I used four items to assess competence trust. The first three items were adapted from Sirdesmukh et al. (2002) (e.g., "John can competently handle most of my requests"), and the fourth item from Smith and Barclay (1999), "when it comes to a computer, John knows enough to be effective". They were answered on a 7-point Likert-type scale, with anchors of "strongly disagree" (1) and "strongly agree" (7) ($\alpha = .87$). Benevolence trust was measured by the same set of Likert scale on 5 items. The first item was adapted from Sirdesmukh et al. (2002), "John cares for me", and the other four items were from Ganesan (1994) (e.g., "John treats you with respect") ($\alpha = .90$). The bi-dimensionality of the trust measures was confirmed by a factor and reliability analysis. Details of the trust measures are reported in Appendix III.

The dependent variables in the analysis of the study are satisfaction, intention to repatronage, and intention to complain. Building on prior work, measures of satisfaction, complaint intention and repatronage intentions were employed to assess the degree to which the dimensions of trust influence consumer attitudes and behaviors. Satisfaction was measured on agreement of three statements from Hui et al. (2004), for example, "John's service met my needs very well", on a 7-point Likert-type scale, with anchors of "strongly disagree" (1) and "strongly agree" (7). The reliability of the satisfaction measures was acceptable ($\alpha = .91$).

The repatronage intention of the respondents was measured using a three items 7-points semantic differential scale, e.g. very likely/very unlikely (Hui et al. 2004). The reliability of the repatronage intention measures was satisfactory ($\alpha = .94$). Furthermore, intention to complain was measured by the same set of semantic differential items, for example, very likely/very unlikely, made on a 7-points scale (Hui et al. 2004). The reliability of the complaint intention measures was also satisfactory ($\alpha = .95$). To examine the dependent variables above, the means of the dependent variables were calculated for the items representing the behavioral

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intentions. Each of the means was calculated as average of the items associated with each intention.

Interdependence and independence measurement were based on self-construal scale by Gudykunst et al. (1996). The self-construal items were drawn from the various scales used to measure self-construal, and additional items were written based on descriptions of self-construals across cultures. Respondents answered each item using a 7-point Likert-type scale (1 = strongly disagree, 7 = strongly agree).

Provided the theoretical rationale, the factor and reliability analysis were restricted to a two-factor solution. Because independent and interdependent self-construals were not expected to be correlated (e.g., Markus and Kitayama 1991), a principal component analysis varimax rotation was used. Items with marginally significant loadings across the two factors were dropped (Stevens 2002). Hence, independent items 7, 8, 10, 14 and 15, and interdependent items 10, 11 and 14 (items listed in Appendix IV) did not enter into the estimation of reliability and means score of independence and interdependence.

The reliabilities for Gudykunst et al. (1996) independence-interdependence scales were satisfactory in the final sample (independent α = .76 and interdependent α = .75). The respondents were then classified into two individual difference groups, Chinese and Canadian.

CHAPTER FIVE

RESERARCH FINDINGS

5.1 Introduction

The hypotheses were tested on a 2 (culture: Chinese vs. Canadian) x 3 (service relationship: no prior relationship vs. benevolence trust vs. competence trust) between-subjects analysis of variance (ANOVA).

To ensure that the individualism-collectivism cultural variable was tapped through the use of Canadian versus Chinese participants, the mean scores of the independence and interdependence score were compared. Consistent with Hofstede (1980), Canadian participants received higher independent scores than did Chinese participants ($M_{Canadian}$ = 5.81 vs. $M_{Chinese}$ = 4.73, t = 11.80, p < .001). Likewise, Chinese participants received higher interdependent scores than did Canadian participants ($M_{Chinese}$ = 5.43 vs. $C_{Canadian}$ = 5.07, t = 3.92, p < .001).

Statistical software SPSS Version 10 was used in analyzing the findings and the steps recommended by Weinberg and Abramowitz (2002) for a two-way ANOVA procedure were adopted.

5.2 Manipulation Checks

The effectiveness of the experimental manipulations was tested by performing analyses of variance (ANOVA) on the three manipulation check measures as a function of the three experimental variables. The results of a two-way ANOVA

indicated that no prior service relationship manipulation worked as expected. When asked to indicate the length and type of relationship, participants rated the no prior relationship scenario ($M = 1.91$) lower than the benevolence ($M = 5.48$) and competence ($M = 5.00$) scenarios, $F(2,177) = 215.27$, $p < .001$. Significant interaction between service relationship and culture was also noted, $F(2,177) = 4.43$, $p < .05$. Simple effect test revealed that Chinese participants treated the relationship in the scenario as significantly longer than Canadian participants, $F(1,177) = 10.73$, $p < .01$. The cross-cultural difference would not invalidate the manipulation as both Chinese ($M_{Chinese} = 2.33$) and Canadian ($M_{Canadian} = 1.46$) participants rated the length of relationship significantly lower than the two types of trust ($M_{Chinese\ competence\ trust} = 4.95$, $M_{Chinese\ benevolence\ trust} = 5.44$, $M_{Canadian\ competence\ trust} = 5.05$, $M_{Canadian\ benevolence\ trust} = 5.54$).

Participants rated the competence trust ($M = 5.54$) higher than the no prior relationship ($M = 4.52$) and benevolence trust ($M = 4.64$) in the competence trust scenario, $F(2,177) = 13.08$, $p < .001$. No other significant effect was found. The results indicated that the competence trust manipulation worked out as predicted.

Similarly, participants rated benevolence trust ($M= 5.10$) higher than no prior relationship ($M = 3.45$) and competence trust ($M = 2.96$) in the benevolence trust scenario, $F(2,177) = 72.44$, $p <.001$. No other significant effect was found. The benevolence trust manipulation was also valid.

5.3 Results

The current research demonstrates the importance of service relationship between customers and service providers in service management. In essence, the

findings showed that service relationship could significantly moderate the effect of service failure on satisfaction, repatronage intention and intentions to complain.

There are three potential sources of systematic variation in this study: the main effects of culture and service relationship, and the interaction between the culture and service relationship. The culture x service relationship interaction could be further analyzed by simple effects test. A significant interaction is explained by evaluating the differences in one of the independents at each level of the other independent variable.

There are two approaches to examine the interaction in a cross-cultural study (van de Vijver and Leung 1997). For level-related questions, a dependent measure is compared directly across cultures for each level of independent variables. This approach is particularly convenient for the current study as one of independent variables (i.e. culture) involved in the interaction has only two levels. Simple effects test would then examine the differences between cultures for each of the three types of service relationship.

An alternate approach addresses the structure-oriented issues and no direct cross-cultural comparison is made. The focus is whether the pattern of results differs across cultures. This approach requires analysis to determine the differences between the three types of service relationship for the two cultures in question. For example, Hannover (1995) investigate a structured research question on how academic performance affects self-satisfaction by using the structure-oriented approach in a 2 (Culture: East vs. West Germans) x 3 (Performance group: high, medium, and low) ANOVA. A significant country-by-performance interaction was found. Analyses of simple effects showed that for West German teenagers, self-satisfaction was similar across the three performance groups. For East German teenagers, however, the poorer the performance, the more negative the self-satisfaction was.

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To evaluate the hypotheses of the current study fully, both approaches of simple effect analysis will be employed in the analysis of cross-cultural interaction below. Following the simple effects analyses, simple comparisons could be conducted to analyze simple effect more fully (Keppel and Wickens 2004; Shaughnessy, Zechmeister and Zechmeister 2003). The simple comparisons should be distinguished from main comparisons. The former compare two sets of average cell means and the latter compares two sets of average marginal means (Keppel and Wickens 2004; Kline 2004).

5.3.1 Main Effects of Service Relationship

In this section, I will focus on the analysis of the 2 (culture) x 3 (service relationship) design for the main effect of service relationship. As predicted by H1a and H1b, the analysis results revealed that types of service relationship affected both satisfaction, $F(2,177) = 41.85$, $p < .001$, and repatronage intention, $F(2,177) = 11.21$, $p < .001$. Mean satisfaction and repatronage intention scores for each group are presented in part (a) & (b) of Table 1. To assess pairwise differences among the three scenarios for the main effect for types of service relationship, the Scheffe follow-up procedure ($p = .05$) was performed.

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Table 1

Satisfaction, Repatronage Intention and Complaint Intention

as a Function of Service Relationship and Culture

Culture	Service Relationship			
	No Relationship	Competence	Benevolence	Row means
a) Satisfaction				
Chinese	4.03	4.27	5.70	4.67
Canadian	3.18	4.43	5.04	4.22
Column Means	3.63	4.34	5.38	4.45
b) Repatronage Intention				
Chinese	4.12	4.24	5.37	4.57
Canada	3.67	3.99	4.68	4.11
Column Means	3.90	4.12	5.04	4.35
c) Complaint Intention				
Chinese	2.72	2.98	2.50	2.73
Canadian	3.56	2.66	2.13	2.78
Column Means	3.12	2.83	2.32	2.76

Main comparisons ($p < .05$) were conducted on the marginal means for service relationship main effect that was statistically significant. Participants in the competence trust ($M_{CT} = 4.34$) scenario were less satisfied of the service provider than those in the benevolence trust ($M_{BT} = 5.38$) scenario. Likewise, participants in the competence trust ($M_{CT} = 4.12$) scenario were less likely to repatronage the service provider than those in the benevolence trust ($M_{BT} = 5.04$) scenario. The

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results indicated that satisfaction and repatronage intention for benevolence trust have a stronger effect in mitigating the negative consequences of service failures than competence trust. Therefore, H1a and H1b are supported.

Moreover, there was a significant main effect for types of service relationship on complaint intention, $F(2,177) = 4.59, p < .05$. Mean complaint intention scores for each group are presented in part c of Table 1. Main comparisons ($p < .05$) showed that the difference between marginal means of competence and benevolence trust service relationship ($M_{CT} = 2.83$ vs. $M_{BT} = 2.32$) was not statistically significant. Thus, H1c is not supported. The results of hypotheses on main effects of service relationship are summarized in Table 2 on p.42.

5.3.2 Interaction Effects of Service Relationship

5.3.2.1 Satisfaction

A 2 x 3 ANOVA was performed to examine the interactive effects of culture and service relationship on satisfaction. Culture and service relationship affected satisfaction significantly (culture: $F(1,177) = 8.23, p < .01$; service relationship $F(2,177) = 41.85, p < .001$). The above main effects were qualified by a significant culture x service relationship interaction, $F(2,177) = 3.82, p < .05$.

To tackle the level-related questions, simple effects tests were employed to examine the difference between the Chinese and Canadian participants for each of the three service relationship scenarios. The simple effects tests results told us that Chinese and Canadian participants scored differently on satisfaction in no prior relationship and benevolence trust scenario, but not in competence scenario (no prior

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relationship: $F(1,177) = 9.64$, $p < .01$; benevolence trust: $F(1,177) = 5.91$, $p < .05$; competence trust: $F(1,177) = .32$, $p > .05$). Chinese participants were more satisfied than Canadian in no prior relationship and benevolence trust condition (see Figure 1 for graphical depiction).

Figure 1

Satisfaction as a Function of Service Relationship and Culture
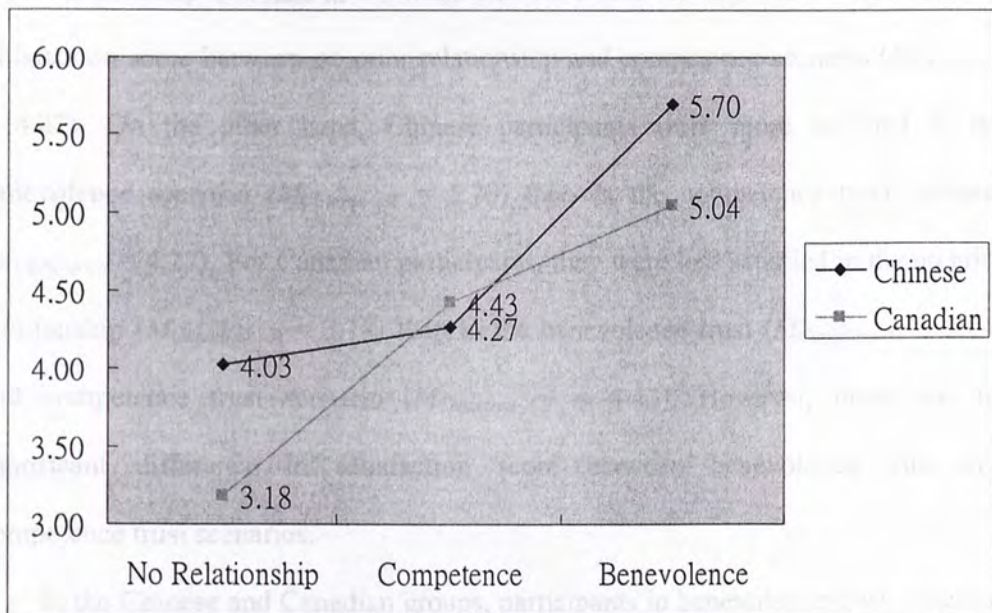
For simple comparisons at $p < .05$ (Bonferroni adjusted), Chinese participants in the no prior service relationship and benevolence trust scenario ($M_{Chinese\ NR} = 4.03$; $M_{Chinese\ BT} = 5.70$) were more satisfied than the Canadian participants ($M_{Canadian\ NR} = 3.18$; $M_{Canadian\ BT} = 5.04$). Benevolence trust based relationship will have a stronger (positive) effect on satisfaction upon a service failure in the Chinese group than in the Canadian one. The satisfaction score of Canadian participants ($M_{Canadian\ CT} = 4.43$) were higher than the Chinese participants ($M_{Chinese\ CT} = 4.27$) in the competence trust scenario, though the difference was not statistically significant.

For structure-related issues, the simple effects, comparing the three types of

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service relationship for cultures, were also carried out. Results indicated that there were significant service relationship mean differences for Chinese and Canadian participants (Chinese: $F(2,177) = 22.92$, $p < .001$; Canadian: $F(2,177) = 22.75$, $p < .001$).

For simple comparisons at $p < .05$ (Bonferroni adjusted), Chinese participants were more satisfied in the benevolence scenario ($M_{Chinese\ BT} = 5.70$) than in the no prior relationship ($M_{Chinese\ NR} = 4.03$) but there was no significant difference in satisfaction score between no prior relationship and competence scenario ($M_{Chinese\ CT} = 4.27$). On the other hand, Chinese participants were more satisfied in the benevolence scenario ($M_{Chinese\ BT} = 5.70$) than in the competence trust scenario ($M_{Chinese\ CT} = 4.27$). For Canadian participants, they were less satisfied in the no prior relationship ($M_{Canadian\ NR} = 3.18$) than in the benevolence trust ($M_{Canadian\ BT} = 5.04$) and competence trust scenario ($M_{Canadian\ CT} = 4.43$). However, there was no significant difference in satisfaction score between benevolence trust and competence trust scenarios.

In the Chinese and Canadian groups, participants in benevolence trust scenarios were more satisfied than no prior relationship participants. (China: $M_{BT} = 5.70$ vs. $M_{NR} = 4.03$; Canada: $M_{BT} = 5.04$ vs. $M_{NR} = 3.18$). A test of planned contrast indicated that there was no difference in the mean differences between benevolence trust and no prior relationship in China ($M_{BT-NR} = 1.67$) and in Canada ($M_{BT-NR} = 1.86$), $t = .44$, $p > .05$. The positive effect of benevolence trust on satisfaction was equally strong for Chinese and Canadian participants as confirmed by insignificant difference between the two in the planned contrast. Thus, H2a is not supported (see Table 2).

In both cultural groups, participants in competence trust scenarios were more satisfied than no prior relationship participants (China: $M_{CT} = 4.27$ vs. $M_{NR} = 4.03$; Canada: $M_{CT} = 4.43$ vs. $M_{NR} = 3.18$). A test of planned contrast revealed that the

mean differences between competence trust and no prior relationship was significantly greater in Canada (M_{CT-NR} = 1.25) than in China (M_{CT-NR} = .24), t = 2.32, p = .01. Competence trust did not mitigate dissatisfaction for Chinese participants but mitigated that of Canadian participants. Thus, H2b is supported (see Table 2).

In other words, benevolence trust based relationship is equally effective across the two cultures and competence based relationship is more effective for Canadian participants than for Chinese participants.

5.3.2.2 Repatronage Intention

A 2x3 ANOVA revealed a significant main effect of culture, $F(1,177)$ = 5.00, p < 05, and a significant main effect of service relationship, $F(2,177)$ = 11.21, p < .001. Chinese participants were more likely to repatronage than Canadian participants upon an unfavorable service outcome. But the culture x service relationship interaction effect was not significant, $F(2,177)$ = .37, p > .05. There were no significant interactive effects of the two types of trust and culture on repatronage intention. A graphical representation of the interaction is provided in Figure 2.

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Figure 2

Repatronage Intention as a Function of Service Relationship and Culture
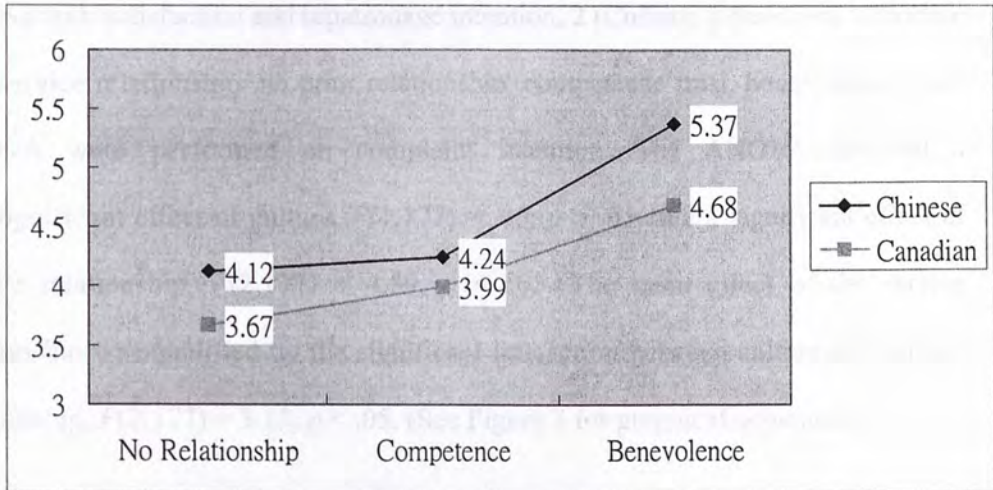
Tests of planned contrast further revealed that the mean differences of benevolence trust and competence trust between the two cultural groups were not significant (BT - NR: $t = .13$, $p > .05$; CT - NR: $t = .35$, $p > .05$).

Participants in benevolence trust scenarios were more likely to repatronage the service provider than no prior relationship participants. (China: $M_{BT} = 5.37$ vs. $M_{NR} = 4.12$; Canada: $M_{BT} = 4.68$ vs. $M_{NR} = 3.67$). A test of planned contrast showed that there was no difference in the mean differences between benevolence trust and no prior relationship in China ($M_{BT - NR} = 1.25$) and in Canada ($M_{BT - NR} = 1.01$) on repatronage intention. Thus, H3a is not supported (see Table 2).

In both cultural groups, participants in competence trust scenarios were more satisfied than no prior relationship participants (China: $M_{CT} = 4.24$ vs. $M_{NR} = 4.12$; Canada: $M_{CT} = 3.99$ vs. $M_{NR} = 3.67$). A test of planned contrast revealed that the mean differences between competence trust and no prior relationship on repatronage intention was not statistically significantly in China ($M_{CT - NR} = .12$) and in Canada ($M_{CT - NR} = .32$). Thus, H3b is not supported (see Table 2).

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5.3.2.3 Complaint Intentions

As with satisfaction and repatronage intention, 2 (Culture: Chinese vs. Canadian) x 3 (service relationship: no prior relationship, competence trust, benevolence trust) ANOVA were performed on complaint intention. The ANOVA revealed a non-significant effect of culture, $F(1,177) = .05$, $p > .05$, and a significant effect of service relationship, $F(2,177) = 4.59$, $p < .05$. The main effect of the service relationship was qualified by the significant interaction between culture and service relationship, $F(2,177) = 3.13$, $p < .05$. (See Figure 3 for graphical depiction).

Figure 3

Complaint Intention as a Function of Service Relationship and Culture
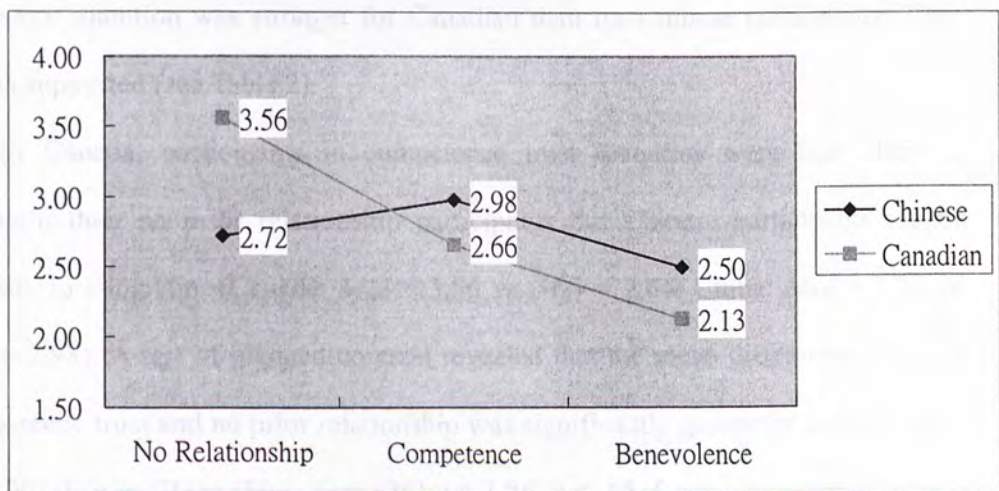
Analyses of simple effects showed that there was no significant difference in the complaint intention among the three service relationship scenarios for Chinese participants, $F(2,177) = .80$, $p > .05$. For Canadian participants, however, trust based service relationships influenced complaint intention, $F(2,177) = 6.63$, $p < .01$. The significant simple effects of Canadian participants were further analyzed by simple

comparisons at $p < .05$. Their complaint intention was more pronounced in the no prior service relationship scenario ($M_{Canadian} = 3.56$) than in the benevolence scenario ($M_{Canadian} = 2.13$), and there was marginal significant difference in complaint intention between no prior relationship and competence trust ($M_{Canadian} = 2.66$) scenario.

The interaction effects were further analyzed by tests of planned contrast. A test of planned contrast indicated that the mean differences between benevolence trust and no prior relationship was significantly greater in Canada ($M_{NR-BT} = 1.43$) than in China ($M_{NR-BT} = .22$), $t = 1.94$, $p < .05$. Canadian participants in benevolence trust scenarios were less likely to complain than no prior relationship participants but Chinese participants remain unlikely to complain. (Canada: $M_{NR} = 3.56$ vs. $M_{BT} = 2.13$; China: $M_{NR} = 2.72$ vs. $M_{BT} = 2.50$). The positive effect of benevolence trust on complaint intention was stronger for Canadian than for Chinese participants. Thus, H4a is supported (see Table 2).

In Canada, participants in competence trust scenarios were less likely to complain than no prior relationship participants but Chinese participants remain unlikely to complain. (Canada: $M_{NR} = 3.56$ vs. $M_{CT} = 2.66$; China: $M_{NR} = 2.72$ vs. $M_{CT} = 2.98$). A test of planned contrast revealed that the mean differences between competence trust and no prior relationship was significantly greater in Canada ($M_{NR-CT} = .90$) than in China ($M_{NR-CT} = -.26$), $t = 1.86$, $p < .05$. Competence trust did have a stronger mitigating effect on complaint intention for Canadian participants than for Chinese participants. Thus, H4b is supported (see Table 2).

The significant interaction between culture and service relationship was due to a difference in the relationship structure of the three independent variables across the two cultures. The effect of complaint intention differs between Chinese and Canadian participants. Both types of trust could mitigate the complaint intention in the case of

Canadian participants, i.e. individualists. But Chinese participants, i.e. collectivists, were more committed to the service relationship than Canadian participants and were adamant not to lodge a complaint.

Table 2

Summary of Hypothesis Test Results for Effects of

Trust Based Service Relationship

Test	
H1a: Given a service failure, customer satisfaction will be higher among customers in the benevolence trust relationship than among customers in the competence trust relationship.	Supported
H1b: Given a service failure, customers in the benevolence trust relationship are more likely to repatronage the service provider than those in the competence trust relationship.	Supported
H1c: Given a service failure, complaint intention will be relatively lower among customers in the benevolence trust relationship than in the competence trust relationship.	Unsupported
H2a: Benevolence trust based relationship will have a stronger (positive) effect on satisfaction upon a service failure in China (a culture that fosters more interdependent self-construals) than in Canada (a culture that fosters more independent self-construals).	Unsupported
H2b: Competence trust based relationship will have a stronger (positive) effect on satisfaction upon a service failure in Canada (a culture that fosters more interdependent self-construals) than in China (a culture that fosters more interdependent self-construals).	Supported
H3a: Benevolence trust based relationship will have a stronger (positive) effect on repatronage intention in China (a culture that fosters more interdependent self-construals) than in Canada (a culture that fosters more independent self-construals).	Unsupported
H3b: Competence trust based relationship will have a stronger (positive) effect on repatronage intention in Canada (a culture that fosters more interdependent self-construals) than in China (a culture that fosters more independent self-construals).	Unsupported
H4a: Given a service failure in Canada (a culture that fosters more independent self-construals), a benevolence trust based service relationship will have a stronger mitigating effect on complaint intention than in China (a culture that fosters more interdependent self-construals).	Supported
H4b: Given a service failure in Canada (a culture that fosters more independent self-construals), a competence trust based service relationship will have a stronger mitigating effect on complaint intention than in China (a culture that fosters more interdependent self-construals).	Supported

CHAPTER SIX

CONCLUSION

6.1 Overview

Much research in the trust literature has grappled with the inconsistent relationship between global trust beliefs and behaviors that imply trust, e.g., choice and/or purchase (Sirdeshmukh et al. 2002). The findings in this research imply that the strength of the relationship between trusting beliefs and consumer reaction to service failure could be better understood by understanding the extent to which the two trust dimensions are instrumental in helping consumers achieve their satisfaction, and organizations enhance consumers' favorable post-consumption behavioral intentions.

In the following sections, research findings will be discussed, theoretical contribution will be highlighted, and potential managerial implications will also be provided. Limitations and future research direction will then be covered in the last section.

6.2 Discussion

Although recognition of trust's multidimensionality is growing in the marketing literature, the extant research has lacked an integrative attempt to study the relative impact of benevolence and competence trust on service outcome, for example, satisfaction. The study contributes to the literature on consumer trust, which should

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benefit from understanding more about the effectiveness of benevolence and competence dimensions of trust on post-consumption outcomes and behaviors.

The findings provide further evidence for the support of the strategic importance of establishing and maintaining trusting service relationship and delivers some important managerial implications, for example, trust based service relationship could significantly mitigate the negative consequences of service failures.

A contribution of the thesis is to extend the application of Herzberg's two-factor theory in service marketing (for example, Hui et al. 2004). The findings, summarized in Table 1, showed that benevolence trust have a stronger positive effect on consumer reaction to service failure, thereby creating more satisfied, and more loyal customers (i.e. higher repatronage intention). All aspects of an experience can be classified as either a vantage factor or a qualifying factor (Herzberg 1966). Exemplified in the realm of service marketing and trust, the consumer becomes a collaborator, or in cases a producer of value in a service relationship. Qualifying factors are factors that would de-motivate if they were not in place. For instance, competence was not a vantage but it would de-motivate if it were not taken care of by the service provider. A key point is if qualifying factors are not taken care of, vantage factors would not contribute to satisfaction and favorable behavioral intentions of consumers.

A likely managerial implication for service marketers of the findings relate to how to manage their services so as to enhance vantage factor (benevolence trust) and minimize qualifying factor (competence trust). For benevolence trust to function, the service provider must first fulfill its customer expected level of competence trust. Maintaining a competence over the expected level is, however, a waste of resources, as competence is merely a qualifying factor. For instance, Johnston (1995) found that vantage factor affect satisfaction significantly only when qualifying factors meet or exceed consumer expectations.

As expected, complaint intentions were not sensitive to variations in the dimensions of trust for Chinese participants. The differences in means of complaint intentions among no prior relationship, benevolence trust based relationship and competence trust based relationship are not significant. Moreover, different from other dependent variables, benevolence trust does not demonstrate a stronger positive impact on complaint intention than competence trust. It is because the dimensions of trust are yielded to other effects in influencing the complaint intentions. Although face is regarded as a universal concern in an interpersonal relationship (Ho 1976), it is likely that these effects work in tandem in collectivistic culture but not in individualistic culture. In Chinese culture, complaint or conflict requires active face management. For instance, face is important for social interaction among Chinese (Hwang 1987) and is also reflected in the consumption behaviors of Chinese (Yau 1988). The effects of trust dimensions and cultures on complaint intention are equivocal due to the lack of trust effects in Chinese culture.

By introducing benevolence or competence trust to the service relationship in an individualistic culture, complaint intention is mitigated. The demands for interpersonal harmony under the two dimensions of trust are strong enough to lessen the complaint intention for individualists as predicted. But collectivists remain reluctant to complain despite the presence of the two dimensions of trust. Complaint is an invitation of dispute and direct confrontation. By avoiding complaint, the collectivistic customer averts loss of face due to conflicts, preventing disruption of the relationship (Smith and Bond 1998).

The notion of harmony could also influence the appropriateness of any communication with the service provider. In particular, harmony is a crucial element of Chinese culture and affects many aspects of Chinese personal relationships, for example, harmony could inspire Chinese to be on good terms with service provider

(Gao, Ting-Toomey, and Gudykunst 1996). Seeking harmony becomes an important task in trust based service relationship development. The current study illustrates how contextual factors (i.e. benevolence and competence trust) can be over-ridden when strong cultural pressures push in.

This study also examined the joint impact of the customers' culture on benevolence and competence trust in the service provider. It advances the external validity of trust studies by testing the hypotheses with data gathered in two countries and finds strong evidence for the cross-cultural validity of our measures and results. Despite the cultural differences and variations in sample composition between China and Canada, the effects of benevolence and competence trust are quite similar and benevolence trust bear a stronger positive impact than competence trust on behavioral outcomes and intentions.

A further contribution of this study is that it provides empirical support for cross-cultural variation in the effect of trust based service relationship. The cross-cultural effects manifest differently in different types of trust. The moderating effect of benevolence trust on the relationship between service failure and satisfaction is expected and proved more pronounced for an interdependent group (for example, China) than for independent group (for example, Canada).

Service providers should be aware that benevolence trust and competence trust can play different roles in affecting consumer satisfaction, in particular, across cultures. Satisfaction is a consequence of trust. When a customer trust its service provider, he or she will feel secure by way of an implicit belief that the actions of the provider will result in positive outcomes or not result in negative outcomes. As shown in the current study, cross-cultural effects of benevolence and competence trust will bear a differential effect on satisfaction. The moderating effect of competence trust on the relationship between service failure and satisfaction proved

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more pronounced in Canada (an independent group) than in China (interdependent group). Nevertheless, the positive effect of benevolence trust works across cultures. Benevolence trust could be regarded as genuine or generalized trust, which is derived from social norms (Coleman 1988; Fukuyama 1996), in an exchange relationship. Some academics assert that an exchange relationship cannot exist without generalized trust served as basic glue (Blau 1964; Deutsch 1958; Zand 1972).

However, the hypothesized interactive effects of benevolence trust and competence trust on repatronage intention (i.e. H3a and H3b) are not supported. There are two plausible reasons for the insignificant interaction effects. One reason is that the manipulation of benevolence and competence trust may not be strong enough to affect the repatronage intention across cultures. Nevertheless, our arguments of the hypothesized interaction are still valid as shown from the directional support as depicted in Figure 2. Another reason is the potential impact of customer characteristics on the relationship between satisfaction and repatronage intention. Although customer satisfaction has been shown to be a reliable antecedent of repatronage intention in service context (Bolton 1998; Patterson et al. 1997), Mittal and Kamakura (2001) has shown that customer characteristics moderate the relationship between customer satisfaction and repatronage intention in a large-scale study of automotive customers.

At the interpersonal level, I see critical opportunities for managing trust in a service relationship. Service providers must develop the capacity to manage the ways in which they are trusted. For instance, Chinese consumers treasure the presence of benevolence trust. Managers for organization operated in China should take concrete action to reinforce benevolence trust, for example, by setting up flexible service guideline. Clearly a satisfactory service is essential to remaining competitive in the long run. Gwinner et al. (1998) found that customers might remain in a service

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relationship under a service failure if they are receiving important relational benefits, for example a psychological one. "There is often a comfort or feeling of security in having developed a relationship with a provider," (Gwinner et al. 1998, p.104). So managers are reminded to build strategy to facilitate and accelerate delivery of trust based service relationship.

6.3 Limitations and Future Research

This research represents a preliminary effort toward understanding the separate effects of benevolence and competence trust on important service relationship variables. Despite their importance, benevolence and competence trust are by no means the only explanation of the cultural differences on consumer reactions to service failure. Attribution of responsibility (Folkes 1988; Weiner 2000) is another potential explanation that has not been considered in the evaluation of cross-cultural difference between trust and service relationship. Au, Hui, and Leung (2001) has found that collectivists attribute more responsibility to the service providers than individualists due to salience of self-interest, which indicates a lack of benevolence trust. It is of interest to note the interactive effects of benevolence or competence trust and attribution of responsibility across cultures. For example, with a benevolence trust relationship, customer would forbear short-term loss and wait for the service provider to come around and perform (Triandis 1995).

There are several other implications for further research. The most obvious extension is to investigate the interrelationships between types of service failure (outcome and process), the two dimensions of trust, and cultures (individualistic/collectivistic). In a process failure, the service delivery process is

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flawed, whereas in an outcome failure, the organization does not fulfill the basic service need (Smith et al. 1999). According to resource exchange theory, mental accounting principles and prospect theory, consumers will place greater value on exchanges involving similar resources than those involving dissimilar resources (Kahneman and Tversky 1979; Thaler 1985). Consumers in collectivistic culture with trust (benevolence) that match the type of loss (psychological) experienced might be less satisfied and have more negative behavioral intentions than in individualistic culture. Specifically, I expect interaction effects between the types of service failure and trust because consumers evaluate service failure differently depending on whether the service relationship is based on benevolence trust (social) or competence trust (economic).

Furthermore, Garbarino and Johnson (1999) has demonstrated that commitment, satisfaction and trust play different roles in the prediction of future intentions for low and high relational customers. The current research takes an initial step to investigate the structural aspects of a cross-cultural comparison on two dimensions of trust. Both level- and structure-oriented approaches were used to study the interaction in the 2 x 3 ANOVA. So a worthwhile area for future research involves modeling the structural relationships between the two dimensions of trust, commitment, satisfaction, and consumer responses. "In theory-based research, the real interest is in the relationships that exist between actual traits or constructs rather than between specific measures of traits or constructs," (Schmidt and Hunter 1996, p. 200).

Whereas considerable evidence indicates that trust positively affects commitment (Anderson and Weitz 1989; Morgan and Hunt 1994), the effects of benevolence and competence trust on commitment could provide insights into the working of trust on commitment. Commitment has been defined as "an enduring desire to maintain a valued relationship" (Moorman et al. 1992, p.316) and is

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believed to be an especially important factor in the development of service relationship (Dwyer et al. 1987; Morgan and Hunt 1994).

Studies in marketing channel and social science, in general, have found commitment to be a multi-faceted construct, and affective and calculative commitment are identified as the most common two (Geyskens et al. 1996; Maithieu and Zajac 1990). The often cited Anderson and Weitz (1989) and Morgan and Hunt (1994) studies operationalized the global measurement of commitment as an affective commitment only. Recently, Gilliland and Bello (2002) indicates calculative commitment as the rational base to retention in a service relationship, and it could be "defined as the extent to which exchange partners perceive the need to maintain a relationship given the anticipated termination or switching costs" (Geyskens, Steenkamp, Scheer, and Kumar 1996, p. 304). Future research could add value to the contemporary knowledge about trust based service relationship by distinguishing between affective and calculative commitment on a conceptual basis and operationalizing them accordingly.

Potentially, commitment could open the door for further investigation of cross-cultural difference of the two dimensions of trust. A reciprocal influence may exist between the two dimensions of trust and two types of commitment across cultures. It is likely that a benevolence trust based service relationship could strengthen the ties under an affective commitment and results in a continued relationship in a collectivist culture due to cognitive consistency. Likewise, competence trust works with calculative commitment well and could result in a stronger positive effect on post-consumption behavioral intention in an individualist culture.

Appendix I

Service Scenarios

Imagine that your computer has broken down after the warranty has expired. [**No Relationship:** You search on the web for a computer shop for repair. You find a company called High Tech Computers Company.] *[Relationship (Benevolence Trust and Competence Trust): High Tech Computers Company has serviced your computers and accessories over the past 5 years. Most of the time, you have dealt with John who is a computer technician in the shop.]*

[**Relationship/Benevolence Trust:** John has basic product knowledge, and his advice has occasionally helped you solve hardware and software problems. You have gotten your work done by John reasonably fast, whenever you have gone to High Tech. Although John's professional knowledge and efficiency are just about the same as those of other service providers, he has treated you as an old friend. Over the years, John has seemed to be especially caring to you. In fact, he has always recommended inexpensive products and service options that would earn a lower commission for him. You are confident that John has had your best interest in mind.]

[Relationship/Competence Trust: John has advanced product knowledge and his advice has always helped you solve hardware and software problems. You have gotten your work done by John fast, whenever you have gone to High Tech. Although John's professional knowledge and efficiency are definitely better than those of many other service providers, he has treated you as just like any of his other customers. Over the years, John has not seemed to be especially caring to you. In fact, he has always recommended expensive products and service options that would earn a higher commission for him. You are uncertain if John has had your best interest in mind.]

[**No Relationship:** You take the broken machine to High Tech and talk to John, the computer technician on duty in the shop.] *[Relationship (Benevolence Trust and Competence Trust): You take the broken machine to High Tech and talk to John.]* John listens to your problems and performs some tests. After a while he tells you that one of the computer cards is damaged and he can get it repaired within two days. However, he is not sure whether replacing the card will solve all the problems because there may be other irreparable damage to the computer, which is already quite old. Based on the information, you agree to replace the card.

Two days later, you go back to the shop. The computer is ready for you to pick up, and it appears to function well when John turns it on. At home, you find that although the computer can work again, it still has some minor problems and does not function as well as before.

	China (%)	Canada (%)
Age		
18-24	100	77.0
25-34		18.4
35-44		2.2
45-54		1.1
55+		1.1
Total	100	98.8*
Gender		
Female	50.0	46.0
Male	50.0	50.8
Missing Data	-	1.4
Total	100	100
Ethnocultural Group		
Han Chinese	95.8	
Chinese Minorities	4.2	
Total	100	
Caucasian		78.1
Indian		3.3
Hispanic		
Mixed Race		
Others		3.3
Missing Data		
Total		100*

* Not added up to 100 due to rounding

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Appendix II

Demographics Profiles

	China (%)	Canada (%)
Age		
18-24	100	77.0
25-34	-	18.4
35-44	-	2.2
45-54	-	1.1
55+	-	1.1
Total	100	98.8*
Gender		
Female	50.0	46.0
Male	50.0	50.6
Missing Data	-	3.4
Total	100	100
Ethnocultural Group		
Han Chinese	95.8	
Chinese Minorities	4.2	
Total	100	
Caucasian		78.2
Indian		3.5
Hispanic		3.5
Mixed Race		3.5
Others		3.5
Missing Data		8.1
Total		100.3*

* Not added up to 100 due to rounding

Appendix III

Trust Measures Used in the Study

Competence Trust

1. John can competently handle most of my requests. (.87)
2. John can be relied upon to know what he is doing. (.82)
3. John works quickly and efficiently. (.85)
4. When it comes to a computer, John knows enough to be effective. (.81)

Cronbach's alpha: *.87*

Benevolence Trust

1. John cares for me. (.85)
2. John treats me with respect. (.81)
3. You feel John has been on my side. (.88)
4. John is like a friend. (.84)
5. John has often gone out of his way to help me. (.83)

Cronbach's alpha: *.90*

Notes:

Numbers in parentheses indicate the factor loadings of the items on the particular dimension of trust.

Gudykunst et al.'s Self-Construal Scale (SCS, 1996)

Independent Items.

1. I should be judged on my own merit.
2. Being able to take care of myself is a primary concern for me.
3. My personal identity is very important to me.
4. I prefer to be self-reliant rather than dependent on others.
5. I am a unique person separated form others.
6. If there is a conflict between my values and the values of groups of which I am a member, I follow my values.
7. I try not to depend on others.
8. I take responsibility for my own actions.
9. It is important for me to act as an independent person.
10. I should decide my own future on my own.
11. What happens to me is my own doing.
12. I enjoy being unique and different from others.
13. I am comfortable being singled out for praises and rewards.
14. I help acquaintances, even if it is inconvenient.
15. I don't support a group decision when it is wrong.

Interdependent Items.

1. I consult with others before making important decisions.
2. I consult with co-workers on work-related matters.
3. I will sacrifice my self-interest for the benefit of my group.
4. I stick with my group even through difficulties.
5. I respect decisions made by my group.
6. I will stay in a group if they need me, even when I am not happy with the group.
7. I maintain harmony in groups of which I am a member.
8. I respect the majority's wishes in groups of which I am a member.
9. I remain in the groups of which I am a member if they need me, even though I am dissatisfied with them.
10. I try to abide by customs and conventions at work.
11. I give special consideration to others' personal situations so I can be efficient at work.
12. It is better to consult with others and get their opinions before doing anything.
13. It is important to consult close friends and get their ideas before making a decision.
14. My relationships with others are more important than my accomplishments.

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