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Modelling Trust in Service Relationships: A Transnational Perspective

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1 INTRODUCTION

In recent years there has been much debate centred on the positive and negative impacts of trust, but generally accepted in the literature is the important position that it holds in society (Tullberg 2008). It is easy to agree with the normative supposition that trust is an important component in a relationship, irrespective of whether it is an interpersonal or a business relationship. In the academic domain trust is a well researched topic and has received attention from scholars in many fields including for instance: psychology (Rempel *et al.*, 1985); marketing (Ganesan and Hess, 1997); and, sociology (Mayer *et al.*, 1995). Trust has been identified as an important component of both relationship development and maintenance, especially in the context of consumer relationships in the service sector.

While there is much merit in the work to date, our study adds to the services marketing literature on a number of fronts. Our initial contribution to scholarly thinking is through the development of a new model for measuring trust in service relationships. The model evaluates the multi-dimensional nature of trust across a number of countries. Our findings are supported by survey data collected in Hong Kong, India and the United Kingdom (hereafter UK), specifically from customers of retail banks. By developing and testing the model across three nations, it adds greater weight to the insights provided by our work, particularly its commercial impact because of the transnational operations of most modern retail banks.

Originally trust was conceptualised as a single dimension construct measured by a set of antecedents but in more recent times the multidimensional nature of trust has emerged (Castaldo, 2007), despite many scholars continuing to treat trust as a one-dimensional construct (Webber 2008). These dimensions have been informative in

developing our understanding of relationship dynamics in a marketing domain. However, scholarly research in both sociology and social psychology has proposed additional dimensions. In Lewis and Weigert's (1985) and the earlier work by Luhman (1979), trust is positioned as a multidimensional construct with cognitive, affective and behavioural dimensions which were later validated through empirical research (McAllister 1995; Cummings and Bromiley 1996). The literature also highlights another dimension namely, customers' disposition to trust or an individual's propensity to trust (Kramer, 1999). In their seminal work Morgan and Hunt (1994) disputed the need to distinguish between the cognitive and behavioural components of trust. They argued that an analysis of cognitive trust alone is sufficient because the behavioural characteristic of trust, i.e. 'willingness to act' is implicitly at the very heart of trust. Our study considers overall trust and models the interrelationships between the different dimensions of trust, as presented in our theoretical framework. As a consequence, our contribution is insightful for developing differentiated trust building strategies, dependent partly on the nature of the target audience.

The remainder of our paper is organised into four parts. We start by presenting the pertinent literature and examine trustors' disposition to trust, cognitive trust, affective trust and overall trust as presented in a number of scholarly domains. Secondly, we put forward our model of hypothesised relationships between the various dimensions of trust. Thirdly we present the setting for our work, the research methods used and results obtained. The final section draws conclusions and provides insight for scholars and practitioners alike.

2. CONCEPTUAL BACKGROUND AND HYPOTHESES

This section explains the conceptual background by defining the dimensions of customers' disposition to trust, cognitive trust, affective trust and overall trust. Details of the hypotheses related to these constructs are provided. But, before we proceed further and for the purpose of clarity, in this article the trustor (the customer) is the party making the decision to trust, while the trustee (service provider) is the party wishing to be trusted.

Customers' Disposition to Trust

Trust is a complex multifaceted construct (Kim *et al* 2009: 402) and many marketing scholars have accepted that it is fundamental for building and maintaining service relationships. As part of these relationships it can be deemed to be a situational factor (Greenwood and Buren 2010) and emerges as a consequence of the actions of a trustee i.e. actions that demonstrate trustworthiness to the trustor. As Tullberg (2008) posits, trusting is a leap of faith and is a characteristic of the individual. Significantly, trust is different to trustworthiness and it is important to distinguish between the two because sometimes, wrongly, they tend to be used interchangeably. While trustworthiness is an attribute that emerges, trust is a property of the trustor based on a belief, with an intention to accept vulnerability (Kim *et al* 2009). As a construct, trust can exist on a continuum between complete trust and distrust.

Given the nature of trustworthiness, most scholars were of the view that trust emerges over time but recent research seems to suggest that this is not always the case and that trust can be high at the outset having emerged for a host of reasons, including a disposition to trust (Kim *et al* 2009) or as Mayer *et al.*, (1995) adduce a propensity to trust. While trust may emerge quickly, it can also be fragile and might be broken just as easily (Kim *et al* 2009).

Johnson and Grayson (2005) contended that research in the field of social psychology has supported the view that a propensity to trust is determined by an individual's personality traits. McKnight *et al.* (2002) posit that disposition to trust is a general propensity of the trustor to trust the trustee. In other words, this is the extent to which a trustor displays a tendency to be willing to depend on the trustee across varied situations therefore, accepting a degree of vulnerability (Greenwood and Buren 2010), and being confident regarding the corollary of trusting.

We propose that building trust differs for trustors with high versus low dispositions to trust. Gill *et al.* (2005) suggest that a propensity to trust or the customer's disposition to trust is an individual's general willingness to trust others, i.e. the level of risk and return they are willing to accept. Our theoretically based suppositions are consistent with the conceptualisation of propensity to trust as implied by Mayer *et al.* (1995). In this regard trust during the initial stages of a relationship is based on a trustor's disposition to trust when a potential trustor has had limited opportunities to observe the trustee's behaviour (McKnight *et al.*, 1998). Analogous with Ridings *et al.* (2002) and Colquitt *et al.* (2007) we position disposition to trust as the general propensity of the trustor to be confident about the outcome of accepting vulnerability.

Cognitive Trust

Cognitive trust represents the rational element of trust with cognition-based trust being rooted in both the knowledge of the other party and its capabilities, and is a joint learning process (Castaldo, 2007). Normally trust emerges over time, but if cognitive cues are in place, then it can be in place more quickly and at a higher level (Kim *et al.* 2004). The cognitive perspective discriminates between persons and institutions that are trustworthy, distrusted and unknown (Lewis and Weigert, 1985). Further, the cognitive perspective is associated with a cognitive leap beyond expectations that reason and experience alone would warrant; simply serving as the platform from which the leap is made. In sum, cognitive trust involves a conscious decision on the part of the trustor based on the assessment of the trustee's competence, reliability and dependability (Rempel *et al.*, 1985; Johnson-George and Swap 1982; McAllister, 1995).

It is safe to propose that a trustor trusts cognitively, based on their knowledge of the trustee's character with these characteristics emerging through many interactions. In the broad venue of services management, Johnson and Grayson (2005) proposed cognitive trust as the customer's confidence or willingness to rely on a service provider who is competent

and reliable. This proposition of trust has previously been referred to as reliability by Johnson-George and Swap (1982) and later as predictability by Rempel *et al.* (1985).

For the purposes of our study and congruent with Johnson and Grayson (2005), cognitive trust is idealised as the customer's (trustor's) willingness to depend on the service provider's competence and reliability on the basis of their knowledge about the service provided by the trustee.

Affective Trust

There is a suggestion that affective trust develops over time during the relationship as a corollary of repeated interactions (Williams 2001). Lewis and Weigert (1985) posit that the sociological foundation of trust is rooted in the emotional element and that trust creates a social situation in which intense emotional investments are made. This component of trust consists of the emotional bond between the parties in the relationship and in this regard affect-based trust involves deep emotional investment in a relationship (Costigan *et al* 1997). A trustee's care and concern of the trustor characterises this kind of relationship while the emotional links between the parties in a relationship can provide the basis for trust. Hence, it is possible to say that affective trust is the mood felt by the parties and the strong mutual feeling upon which their relationship is based; essentially it is based on the emotional links between the dyadic entities in the relationship (Castaldo, 2007: 157). Affective trust is based on the notion that emotional ties develop between the trustor and trustee and that they serve as the basis for trust formation.

Affective trust is the confidence the trustor places in the trustee on the basis of feelings generated by the level of care and concern demonstrated by the other partner (Johnson-George and Swap, 1982). The characteristics of this type of trust are the feelings of security and the strength of the relationship. Jones and George (1998) argue that an effective response base of trust is consistent with the notion of conditional trust in which sufficient positive affect and a relative lack of negative affect, act as reinforcement of

attitudes that lead to conditional trust. This is similar to relational trust because it forms a large emotional component of the affective trust (Rousseau *et al.*, 1998). Morrow *et al.* (2004), posit that positive affective trust influences the trustworthiness of the other partner and project an image that the other partner is not opportunistic in their behaviour i.e. taking advantage of the other party.

In line with Johnson and Grayson's (2005) proposition we suggest that affective trust is the confidence of future outcomes based on feelings of care and concern demonstrated by a trustee towards a trustor.

Given the preceding debate we propose the following research model (shown in figure-1).

Take in Figure 1 about here

Overall Trust

As set out earlier, trust is a property of the trustor and in a relationship, one party needs to display overall trust toward the other (Chen and Dhillon, 2004), for that relationship to be sustainable. We consider overall trust as a form which is not related to the specific behaviour of the other party or any other dimension of trust, *in spite of* Rousseau *et al.* (1998) *arguing* that trust is dynamic in nature, changes over time and has different levels under *varying* conditions

Cognitive and Affective Trust

As alluded to earlier, cognitive trust is at the root of affective trust and heralds affective trust during the development process (Rempel *et al.*, 1985; Holmes and Rempel, 1989). *This concurs with Lewis and Weigert (1985) who posit that cognitive trust acts as a base for affective trust, and hence it has to be in place first. The theoretical support for this argument stems from the attitude literature which states that affective attitudes are*

influenced by a customer's cognitive beliefs (Fishbein and Ajzen, 1975). McAllister (1995) also supports this argument by proposing that some level of cognition-based trust might be necessary for affect-based trust to materialise with a trustor's minimum expectations for reliability and dependability being met before they further invest in the relationships. Massey and Dawes (2007) found support for the same proposition in the case of marketing managers and sales managers' relationships. Further, the attitude literature highlights the actuality of a reciprocal relationship between cognitive and affective trust. Our paper considers the effect of cognition-based trust on the affect-based trust in conjunction with the above review consequently, we propose the following hypothesis:

H₁: Cognitive trust has a positive effect on customers' affective trust in a service provider.

Affective and Overall Trust

Affective responses influence a trustor's evaluation of their overall level of trust in the trustee and emotions and moods aid the trustor in understanding the way they are experiencing trust (Williams, 2001). According to Jones and George (1998), one partner's current affective state may influence a partner's experience of trust, and the way a person forms opinions and judgements about the trustworthiness of the other partner in the relationship. Affective attachments of one partner form the basis for benevolent actions which builds deeper levels of trust in the other partner (Lewicki and Bunker, 1996). Emotional situations have an effect on the overall trust of the trustee (Dunn and Schweitzer, 2005) and are not dependent on the situation and in this regard emotional attachments can aid the trustee to accept vulnerability and accept risk (Weber *et al.*, 2005). The affective state experienced in dealing with a partner would certainly influence perceptions about the trustworthiness of that partner (Morrow *et al.*, 2004) and the positive affect will impact upon the overall trust of the trustor towards the trustee. These authors further contend that a positive affect will act as a catalyst to bolster the perception that another partner

possesses the character which will preclude opportunistic behaviour; a characteristic that is termed as strong-form trust by Barney and Hansen (1994). As a consequence, we propose the following hypothesis:

H₂: Affective trust has a positive effect on customers' overall trust in the service provider.

Cognitive and Overall Trust

McAllister (1995) posit that the choice to trust is the result of a process by which one partner determines the trustworthiness of the other. In a similar vein Jones and George (1998) argue that an individual undergoes a cognitive thought process to determine whether the other party is trustworthy. This is possible only if the individual is able to cognitively process and assess the evidence at hand. These authors further highlight that trust develops after a trustor is able to develop confidence in the trustee. The key to comprehending the cognitive perspective of trust is through the process by which a trustor assesses the trusting behaviours of a trustee and it refers to the rational process used by a trustor to determine the trustworthiness of a trustee (Morrow *et al.*, 2004). The premise is that a trustor will assess the overall trust or trustworthiness of the trustee based on accumulated knowledge about that party. Thus, one party assesses the trustworthiness of the other by weighing up the attributes associated with a transaction and the characteristics of the other in a transaction (Barney and Hansen, 1994). As a result of this, it is possible to make predictions about the behaviour of the other party with a higher degree of certainty of confidence in them (Johnson and Grayson, 2005). Based on the preceding discussion we propose the following hypothesis:

H₃: Customers' cognitive trust has a positive effect on overall trust in the service provider.

Customers' Disposition to Trust and Cognitive Trust

As previously discussed, disposition to trust is the extent to which one party displays a willingness to depend on the other party across various situations. Although a disposition to trust means that one party has a general propensity to be willing to depend on another, it does not necessarily follow that one partner believes the other to be trustworthy (McKnight and Chervany, 2001). Thus, disposition to trust will influence a trustor's beliefs about the situation.

Given that disposition to trust can influence a trustor's beliefs and intentions towards a trustee, a disposition to trust can be characterised as a general tendency across situations and persons, and it should influence trusting beliefs as it impacts upon interpretations of interpersonal relationships. Therefore, we propose the following hypothesis:

H₄: Customers' disposition to trust has a positive effect on cognitive trust in the service provider.

Customers' Disposition to Trust and Overall Trust

Mayer *et al.* (1995) in their conceptual study observe that disposition to trust affects the likelihood that the trustor will trust the trustee and that a disposition to trust is the general willingness to trust influencing the degree of trust towards the trustee. Customers' disposition to trust is the general willingness of the trustor to trust the trustee based on extended socialisation, and that disposition to trust influences trust positively; affecting the perceptions in the institutional setting (Gefen, 2000). A propensity to trust acts as a filter which alters the interpretation of the trustee's action and is the key facilitator of the type and form of trust a trustor has in the trustee, therefore, impacting upon the overall trust of a trustor even in the presence of trustworthiness (Govier, 1994; Colquitt *et al.*, 2007). In this regard to take the trust literature forward, it is imperative that researchers conceptualise propensity to trust and actual trust as two separate constructs (Gill *et al.*, 2005). They

further claim and substantiate that propensity to trust is an antecedent of trust rather than a dimension of it. A propensity to trust should be a prominent determinant of trust in the initial stage of a relationship, when cues relating to the interaction are absent (Johnson and Grayson, 2000). Gill *et al.* (2005) further posit that consideration of the characteristics of the trustee and the trustor helps clarify the relationship between the two and the reason why a trustor might choose to trust the trustee. McKnight *et al.* (2002) identified a positive impact of disposition to trust on the overall trust of a trustor and similar findings were also reported by Lee and Turban (2001). Based on the above argument and Mayer *et al.*'s (1995) theorisation we propose the following hypothesis:

H₅: Customers' disposition to trust has a positive effect on overall trust in the service provider.

3. METHOD

Product and Cultural Issues

Our theoretical model is tested across three countries and amongst customers of retail banks and there are good reasons for selecting this research venue. It is one where a relationship exists between the trustee and trustor, based on an intangible offering and because of the intangible nature of the product trust in the service provider is central. Also, while the trustee may attempt to provide a homogenous service delivery even across countries, for example an easy access retail product, service delivery may vary. Moreover, unlike a long-term investment vehicle such as a pension where a customer may need to wait 20 or 30 years for maturation, and by implication becoming difficult to assess the service because of the time lag, easy access retail banking products involve continuous interaction and allow assessments to be made about the nature of trust on a continual basis. Retail banking is a sector that experiences little churn in the way of switching behaviour, hence allowing assessments to be based on a long-term relationship. As well as a continual assessment, the retail banking sector makes for an interesting research venue because there

is the accusation levied at them that as a consequence of encouraging the over consumption of debt type products they were the reason for the economic downturn in most economies. The net result of the perception/activity is that anecdotally, at least, trust levels seem to be low for the retail banking sector while trust itself is viewed as the antecedent of a successful relationship.

As a concept, culture has a widespread impact on human behaviour. It is an important factor in determining consumer behaviour (Steenkamp *et al.*, 1999), although the typology of culture is an appealing concept there are obstacles. Hofstede's original work (1980), rooted in work related practices, provides the most widely respected and cited typology of national cultures. As noted by many other researchers, the categorisations are not without their limitations, such as the original sample characteristics. There is the additional supposition that culture is a fluid dynamic concept which alters over time consequently negating the value of categorisations. However, as Hofstede acknowledges, as a consequence of the slow speed of cultural change the original categorisations are likely to be relevant for many years (Soares *et al.*, 2007).

We accept the limitations with Hofstede's work on national culture but as Ng *et al.* (2007) postulate there may be a degree of congruence with Schwartz's well regarded widespread structure of values. Despite its limitations, we nevertheless utilise Hofstede for providing the direction for our work as it has been extensively used not only in marketing but also in the fields of psychology, sociology and management studies (Soares *et al.*, 2007). As Ailon (2008) concedes its strengths lie in its longevity, the lack of alternatives and its application by practitioners meaning it has made a substantial contribution to the study of cultural differences.

Hofstede's (1980, 2001) work outlines five primary dimensions as a framework for measurement of culture. For the sake of brevity we take it as read the reader is familiar with Hofstede's dimensions as space restrictions prevent a lengthy explanation within this article.

Within the context of our work, in terms of power distance index (PDI) there is a marked difference between the two Asian countries; where inequality of power and wealth is more widely accepted by the less powerful members of those societies as a cultural norm rather than the UK where scores are well below the world average. Individualism (IDV) scores are clustered in a similar manner to PDI. The low scores for Hong Kong and India are indicative of a collectivist society. The high score for the UK; far greater than the world average; denotes a highly individualistic society. Masculinity (MAS) figures are the most clustered of the five dimensions with the range of scores being the lowest. They are all countries where the gap between the values of the genders is above the world average. Uncertainty avoidance index (UAI) scores are clustered below the world average indicating three countries that are very tolerant of uncertain situations and receptive to new ideas. Scores for Hong Kong are one of the lowest in the world indicating a greater tolerance of uncertainty. The final dimension of long term orientation (LOI) shows the largest range of scores. Taken together, clustering shows a similar pattern with the PDI, IDV and LOI dimensions with a small difference between the two Asian countries and a large gap between them and the UK.

Measures

The measurement scales have been adopted from existing literature and adapted for a banking context. To begin, the existing literature was reviewed and a number of suitable measures identified. Next, three expert judges unconnected with the research reviewed the original item pool and passed judgement on which ones were the most suitable for scaling. Following this, in-depth interviews were undertaken to validate our items in relation to the constructs in our theoretical model.

Face validity of constructs needs to be established prior to any theoretical testing when using confirmatory factor analysis as without a proper understanding of every item's content or meaning it is impossible to express any measurement theory (Hair *et al* 2006).

Therefore, a pilot study was undertaken in each of the countries to ensure equivalence in terms of consistency.

The survey items are detailed in table 2. Except for minor modification to facilitate this research, the measures were adopted from the existing literature, as shown in table 1.

Take in Table 1 about here

Sample and Data Collection

The responses were collected between September and November 2010, in three countries. During each survey, data were gathered using intercept interviews and each sample respondent was asked to comment on their experience of their retail banking provider. Respondents were asked to state their level of agreement or disagreement with the items in the research instrument using a 5-point Likert type item scale, ranging from “strongly disagree” to “strongly agree”, with the mid-point anchored as neutral and no other anchors.

Given the nature of the respondents in the sample, the survey instrument was administered in English, a widely used language in Hong Kong and India. This also meant that there were no translation issues that needed addressing, so a high degree of equivalence was maintained.

In the case of the UK, responses were gained from a sample spread throughout the UK. Hong Kong is spatially small, and the sample realised from India included Kolkata, Hyderabad, Mumbai and Delhi, with the Indian locations taking into consideration the various ethnic mixes. Although 10-15 years ago a legitimate argument could be positioned to say that retail banking products had low levels of penetration in India that is not something that holds true now. Since the mid 1990s as a result of the deregulation of the Indian market

for financial and other associated product types, there has been a 'boom' in consumerism, meaning that informed assessments could be made.

Data Analysis and Results

Adopting a two-step approach (Anderson and Gerbing, 1988) we firstly report the findings from a confirmatory factor analysis. This was used to establish the reliability and validity of our scales for customers' disposition to trust, cognitive, affective and overall trust. Taken together, the expected four-factor model fits the data well ($\chi^2 = 286.31$, $df = 59$, $p < 0.001$; CFI = 0.93; TLI = 0.90; IFI = 0.93; NFI = 0.91; and RMSEA = 0.06).

Cronbach's alpha and composite reliabilities for the constructs were used to decrease the reliability of our scales. The alpha values for all the constructs were greater than 0.8 which is considered acceptable and the composite reliability value for each of the constructs had acceptable values greater than 0.6 (Hair *et al.* 2006).

The factor loadings of the measurement items on respective constructs ranged between 0.40 and 0.85 and were significant ($p < 0.001$). In addition, the average variance extracted (hereafter AVE) for each construct was ≥ 0.50 ; supporting the convergent validity of the constructs (Fornell and Larcker, 1981).

Discriminant validity was assessed by comparing the average values of variance extracted for each constructs with the corresponding inter-construct squared correlation estimates. All the AVE values were greater than the inter-construct squared correlations which indicate the discriminant validity of the measurement model (Fornell and Larcker, 1981). Tables 2 and 2a show the factor loadings, reliability and AVE values of constructs.

Take in Table 2 about here

Take in Table 2 (a) about here

The proposed hypotheses causal relationships and estimation of the strength of relationships between the latent constructs were tested using structural equation modelling, utilising AMOS.

As we are drawing conclusions based on three locations, we firstly report the fit indicators at the overall level and then country specific to demonstrate temporal stability. The overall level reveals an adequate model fit with the chi-square statistic ($\chi^2 = 334.12$, $df = 60$, $p < 0.001$) being significant and all the baseline comparison indices (CFI = 0.92; TLI = 0.90; IFI = 0.92; RFI = 0.88; NFI = 0.90 and RMSEA = 0.06) indicating an acceptable fit of the structural model. The overall fit with country level data are shown in table 3, again this shows an adequate fit at the country level.

Take in Table 3 about here

Table 4 shows the parameter estimates for the structural model.

Take in Table 4 about here

At the overall level, the results show that the path coefficients between customers' disposition to trust → cognitive trust (coefficient = 0.80; $p < 0.001$); cognitive trust → affective trust (coefficient = 0.83; $p < 0.001$); overall trust → customers' disposition to trust (coefficient = 0.66; $p < 0.001$); and affective trust → overall trust (coefficient = 0.32; $p < 0.05$) are positive and significant supporting H_4 , H_1 , H_5 , and H_2 . But the relationship between

cognitive trust → overall trust was not significant and hence H₃ was not proven by our research. We reject the hypothesis cognitive trust → overall trust because it is non-significant for all of the countries in our study, hence consistency in our findings.

4. DISCUSSION

We set out to deal with the notion of trust in services marketing relationships and to help extend our understanding in that arena. To meet our objectives we utilised four trust dimensions; customers' disposition to trust, cognitive trust, affective trust and overall trust, and our research confirms the multidimensional nature of trust, using confirmatory factor analysis. Our evaluations found that customers' disposition to trust has a significant impact on overall customer and cognitive trust. Cognitive trust has a significant impact on affective trust which in turn significantly impacts overall customer trust.

Given some of the differences in the type of countries (albeit small in some cases) included in our survey, we expected variances to emerge, however, there is consistency in our findings, and it appears that trust building activities are, maybe, universal for the service sector we surveyed. The establishment of a multidimensional nature of trust in the retail banking sector *per se* is insightful because our dimensions provide a holistic view for retail banking practitioners to focus on certain aspects of their service which facilitate the building of overall customers' trust. However, the degree of emphasis placed on the dimensions of trust will largely depend on the objective(s) of the service provider. This is a pertinent point bearing in mind the current economic slowdown because trust acts as a determinant during the relationship process, impacting on relationship commitment and helps in the development of customer loyalty (Ball *et al.*, 2004). Given that earlier research had substantiated that customer loyalty has a significant positive correlation with sales growth and the profitability of companies (Reichheld, 2003; 2006), it becomes all the more important for retail banking practitioners to focus on the dimensions of trust rooted in our study.

The identification of the four distinct components of trust, the customers' disposition to trust, the cognitive trust, the affective trust and the overall trust and the interrelationships amongst them allow practitioners to measure trust more accurately and design strategies to foster its emergence.

Our finding that affective trust is significantly and positively related to overall trust has an important implication. Research shows that trust facilitates the relationship process and affective trust directly informs customers' propensity to respond positively to persuasive communications from the service provider, with the corollary being more effective selling activity (Ramsey and Sohi, 1997; Johnson and Grayson, 2005). Our results also reveal that customers' disposition to trust has a significant and positive impact on cognitive trust and overall customers' trust. The findings presented in this paper aids practitioners to understand the general propensity of customers to trust banks, which stems from their personality, and therefore trusting is largely an abstract ideal, one that we believe can be influenced. Although an in-depth discussion is beyond the remit of this article, as we discussed earlier trust can be influenced by demonstrations of trustworthiness.

We found a positive impact of customers' disposition to trust on cognitive trust. This disposition to trust (propensity to trust) is not only an individual characteristic but can also be a consequence of the service environment in which the partners (in the exchange process) operate. Hence, retail banks are guided towards managing those elements of the servicescape which translate into specific environmental cues. In other words, those dimensions of the servicescape that portray an image in the minds of customers regarding the service. We contend that this will enhance the customers' propensity to trust the service organisation. Moreover, when it is difficult for customers to precisely define their attitude toward the alternative offers in the market they rely on cognitive image (built as a result of these environmental cues) to reduce the risk of decision making (Castaldo, 2007: 97). In such circumstances, trust is represented by adequate cognitive schemas that allow reduction of

uncertainty and reduced perceived risk. Accordingly, retail banks could focus activity on different elements (for instance, bank atmospherics, employee behaviour, design and layout of the bank) of service setting so as to create a favourable image in the minds of the customers (present and potential).

Having found the positive impact of cognitive trust → affective trust it lends support to the findings of Johnson and Grayson (2005) in the services marketing literature and McAllister (1995) in the organisational behaviour literature. Our study positions cognitive trust as the rational component which allows the trustor to develop specific knowledge about a trustee's characteristics and behaviour and, more importantly their competencies and skills. This highlights the position that the trustee should hold the appropriate knowledge about the trustor, in a complete manner and readily available. We posit that this relates to two key areas of activity i.e. ability to deliver the product, and secondly, communicating that delivery. For a retail bank, the former is based on demonstrations of general ability and other competencies such as treatment of customers by front-line employees, dealing with problems/concerns promptly, keeping promises and showing a high degree of integrity. The latter, from a practitioner's perspective, calls for targeted communication strategies from banks to their customers in order to make customers knowledgeable about service offerings. To achieve this, we suggest that retail banks undertake a strategy of integrated communications and not simply a one way flow of information from the bank to the customer but instead provide opportunity for the customer to engage. The flow of information between the retail bank and customers needs to be more than a simple exchange of information, and instead it should be actionable. An idealised outcome of the information flow might be that the retail bank is able to show it cares about its customers and treats them in a manner that they perceive as being fair.

The results of this study show that affective trust in the bank affects customers overall trust in the bank. Hence, banks need to cultivate customers' affect-based trust

through security, promise fulfilment, transparency and fairness in service transactions and by adapting their services as per the needs of the customers. If customers perceive banks to perform well on the above mentioned attributes they will develop trust in banks.

The focus on the different dimensions of trust may also enable retail banks to devise differentiated relationship marketing strategies so as to maintain a long-term relationship with its customers. Finally, our research shows that cognitive trust does not impact on overall trust. We hypothesised that cognitive trust is centred on notions of low level trust building activities on the part of the trustee such as dependability, and given this, our discovery that cognitive trust does not lead to overall trust, is not entirely surprising. In our research venue we would expect a retail bank to adequately discharge these types of obligations while developing more in-depth relationships might be more challenging given the transactional nature of retail banking products.

5. Limitations and Future Research Directions

While this work makes a compelling contribution to both the scholarly and practitioner literature, there are nevertheless some limitations associated with our study that we must acknowledge. To begin, even though our study is transnational it focused on the retail banking sector, alone, and consequently may result in our findings being context specific.

We accept that the type of service in our survey, based on a business-to-consumer relationship, may have limited our conclusions and that the findings are not applicable to banking products *per se*. Other types of bank offerings, for instance, corporate banking might be more strongly associated with the principles of business-to-business marketing and in the case of these relationships there could be different types of trust that emerge as a consequence of different policies and practices; it is not entirely unreasonable to assume that our model may have little application in this sector. We have used corporate banking as

an example, but we can hypothesise with a degree of confidence that the underlying principle(s) of our limitation may also apply to other services contexts.

The survey approach using an intercept method is also not without its limitation. While we are able to draw conclusions based on cross-national surveys, the approach did not allow richness of information to emerge.

Bearing in mind the limitations of our contribution, we suggest further scholarly activity to examine the interrelationships between our trust dimensions across other different countries and adding other research venues to enable greater generalisation of our findings. Even further research, could extend our work by investigating the impact of trust dimensions on word-of-mouth behaviour, service loyalty and cross buying. Another research direction might be to examine the relationships between the different trust dimensions and the loyalty stages i.e. cognitive loyalty, affective loyalty, connotative loyalty and action loyalty.

-----The End-----

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FIGURE 1

Conceptual Model

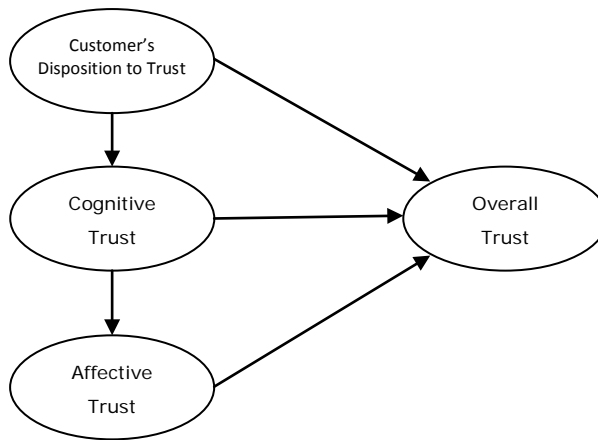


TABLE 1

Sources of Measurement Items

Literature	Measure
Johnson and Grayson (2005), Ennew and Sekhon (2007) and McAllister (1995)	Cognitive and affective trust
McKnight <i>et al.</i> (2002), Ridings <i>et al.</i> (2002) and Ennew and Sekhon (2007).	Customers' disposition to trust
Morrow <i>et al.</i> (2004), Johnson-George and Swap (1982) and Ennew and Sekhon (2007).	Overall trust

TABLE 2
Measurement Items and Model Results

Constructs	Measurement Items	Loadings			
		HK	India	UK	OL
Disposition to Trust	I trust my ____ to have my best interest at heart	0.77	0.65	0.65	0.75
	I trust my ____ to do what it says it will do	0.70	0.73	0.71	0.66
	My ____ is honest with me	0.60	0.79	0.80	0.75
	My ____ is reliable	0.46	0.76	0.76	0.78
Cognitive Trust	My ____ has a reputation for being dependable	0.82	0.78	0.78	0.79
	My ____ has a reputation for being honest	0.77	0.84	0.78	0.80
	My ____ has a reputation for being reliable	0.79	0.76	0.80	0.76
Affective Trust	My ____ has a reputation for looking after its customers	0.61	0.78	0.82	0.79
	My ____ has a reputation for having its customers' interest at heart	0.85	0.69	0.80	0.76
	My ____ makes every effort to address my needs	0.60	0.55	0.66	0.63
	My ____ is concerned about my best interest	0.55	0.67	0.62	0.67
Overall trust	I feel I can trust my ____	0.68	0.73	0.68	0.71
	I feel that my ____ is trustworthy	0.40	0.74	0.85	0.69

Note: OL → Overall Data

Table 2 (A)
Measurement Properties

		CDT	Cognitive Trust	Affective Trust	Overall Trust
HK	Alpha	0.84	0.91	0.86	0.81
	CR	0.89	0.94	0.90	0.70
	AVE	0.67	0.85	0.70	0.54
India	Alpha	0.83	0.82	0.79	0.71
	CR	0.88	0.90	0.82	0.82
	AVE	0.64	0.77	0.55	0.70
UK	Alpha	0.85	0.85	0.83	0.81
	CR	0.90	0.90	0.89	0.85
	AVE	0.64	0.77	0.67	0.75
OL	Alpha	0.86	0.89	0.78	0.80
	CR	0.88	0.91	0.88	0.75
	AVE	0.64	0.77	0.64	0.60

Note: CDT = Customers' Disposition to Trust

TABLE 3

Model	χ^2	df	CFI	TLI	IFI	RFI	NFI	RMSEA
India	185.32	60	0.92	0.93	0.91	0.88	0.90	0.07
UK	165.84	60	0.92	0.90	0.91	0.88	0.90	0.06
Hong Kong	138.69	60	0.93	0.93	0.91	0.88	0.90	0.06
Overall	334.31	60	0.92	0.90	0.92	0.88	0.90	0.06

TABLE 4
Parameter Estimates

Hypothesised Relationship	India	Hong Kong	UK	Overall
Cognitive trust → Affective trust	0.76 ^{***}	0.72 ^{***}	0.89 ^{***}	0.83 ^{***}
Affective trust → Overall trust	0.23 [*]	0.49 [*]	0.23 [*]	0.32 [*]
Cognitive trust → Overall trust	0.13 ^{NS}	0.06 ^{NS}	0.26 ^{NS}	0.06 ^{NS}
Customer's disposition to trust → Cognitive trust	0.70 ^{***}	0.60 ^{***}	0.83 ^{***}	0.80 ^{***}
Customer's disposition to trust → Overall trust	0.60 ^{***}	0.80 ^{***}	0.50 ^{***}	0.65 ^{***}

*Significant at p<0.05; ***Significant at p<0.001; NS = Non Significant