

# **The Commitment-Trust Theory: The British and Saudi Arabian Cross-National Perspectives**

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## **Abstract**

The objective of the study is to examine and extend the commitment-trust theory, as represented by the KMV model developed by Morgan and Hunt (1994), in the British and Saudi Arabian contexts. The re-conceptualisation of KMV model in each country has been designed to take into account the theoretical advancement in the dimensionality of commitment and trust as well as appropriate definitions of the constructs in each country separately. Constructs in the KMV model were measured using the original items used by Morgan and Hunt (1994) to facilitate replication of the original instrument, as well as using new measurements which were either newly developed by this study or employed from other studies in the literature. A total of 201 usable questionnaires were included in the final analysis from the UK compare to 206 usable questionnaires from Saudi Arabia. Data was analysed using structural equation modelling using LISREL.

**Key words:** commitment-trust theory, UK, Saudi Arabia

## **Introduction**

In searching for the key factors that lead to strong lasting relationships, attention is focused on identifying the key relational constructs and exploring how these constructs interact (Dwyer *et al.* 1987; Morgan and Hunt, 1994; Wilson, 1995). Multiple relational constructs were identified which caused success or failure of a relationship. These include power, conflict, uncertainty, opportunism, relationship benefits, termination costs, emotion, interdependence, adaptation, interaction, cooperation, mutual goals, structural/social bonds, shared values, promises, trust, commitment, communication, attraction (Ford, 1980; Hakansson, 1982; Dwyer *et al.* 1987; Gronroos, 1990; Anderson and Narus, 1990; Morgan and Hunt, 1994; Wilson, 1995). From all these constructs trust and commitment have proven the most insightful (Harris *et al.* 2003). Blois (2003) pointed out that commitment and trust are the distinguishing characteristics of relationships. Sheth (2000, p. 619) indicated that commitment and trust “have emerged as building blocks of a theory”. The relationship commitment-trust theory by Morgan and Hunt (1994) has been particularly influential. Their seminal KMV (Key Mediating Variables) model has been a significant contribution to our understanding of relationship marketing. Veloutsou *et al.* (2002, p. 437) argued that the commitment-trust theory provides “the foundations of a marketing relationship that can lead to customer retention”. Although commitment-trust theory constitutes a fundamental step in the development of our understanding of relationship marketing, Morgan (2000, p. 484) makes the point that “we need an expanded commitment-trust theory that includes such a framework, because such a framework would shed light on the processes and motivations of relationship building”. Samiee and Walters (2003, p. 207) pointed out that trust and commitment have not been cross-culturally validated and are “worthy of greater attention” due to the important role both constructs play in establishing and maintaining marketing relationships.

There has been limited effort in validating domestic findings in cross-cultural settings, circumscribing the universal applicability and managerial relevance of relationship marketing studies (Samiee and Walters, 2003). The existing theories that have been developed and tested within particular social, cultural and other environmental factors need to be verified in other cultural settings (Usunier, 1998). Furthermore, Durvasula *et al.* (1993, p. 626) pointed out “there is a need for testing models cross-nationally because all too often researchers have assumed that United States-based concepts and models are relevant to other countries, without actual validation of model constructs or linkages”. Bagozzi (1994) and Craig and Douglas (2000) argued that further advancement of marketing research requires that the validity of models developed in one country be examined in other countries. While validation of relationship marketing models is rare, the question of whether relationship marketing is culturally bound (Simmons and Munch, 1996) has been disputed. For example, most findings such as Wackman *et al.* (1986/1987); Rodriguez and Wilson (2002); Batona and Perry (2003) suggested that culture has an influence on the nature and the development of relationship marketing in different national cultures. On the other hand, findings from Kanter and Corn (1994) and Pressey and Selassie (2003) suggested that the influence of culture on relationship marketing is ‘overstated’ and ‘overrelated’. The issue of models’ validation and the role of culture are interrelated. Therefore, validating marketing models in different cultures will address both issues and will fill an important gap in the marketing literature.

In this regard, this paper attempts to fill this gap by developing and empirically validating the commitment-trust theory developed originally by the KMV (Key Mediating Variables) model by Morgan and Hunt (1994). Since the publication of the original study by Morgan and Hunt (1994), our understanding about the key mediating variables has advanced significantly. Thus the paper presents the theoretical foundations of commitment-trust theory and reconceptualises the KMV model. The methodology employed in designing and implementing this study is explained. The data collected is purified and the model is tested in the UK and Saudi Arabia using structural equation modelling. The findings of the study are discussed. Finally, conclusions and implications are derived from the findings and limitations together with direction for future research are presented.

## **The Commitment-Trust Theory**

Morgan and Hunt (1994) introduced one of the most cited theories in RM. They argued that trust and relationship commitment are the key mediators in the exchange between participants, which essentially lead to building a relational co-operation. The following sections discuss variables within this theory. Given the key role of trust and commitment, large part of the paper focuses on these two variables.

## **Trust**

The growth of various forms of relationship has put trust in a centre stage mainly because of the belief that trust is essential in establishing co-operative relationships (McQuiston, 1997; Handfield and Bechtel, 2002). Interest in trust has generated a substantial amount of research from various disciplines such as economy (Williamson, 1993), psychology (Tyler, 1990), sociology (Granovetter, 1985), and organisation (Mayer *et al.*, 1995). While disciplinary differences exist, trust is a very complex construct with multiple meanings and dimensions. Delimiting the scope of trust is difficult and can be frustrating as the construct essentially is linked with other constructs such as opportunism, uncertainty and power. All definitions of trust suggest that trust involves one party having confidence in or relying on another party to fulfil its obligations (Anderson and Narus, 1990; Moorman *et al.*, 1993; Morgan and Hunt, 1994; Nicholson *et al.*, 2001; O'Malley and Tynan, 1997). Trust has been conceptualised in many ways. Many studies have conceptualised trust as a unidimensional construct (Anderson and Weitz, 1989; Morgan and Hunt, 1994; Jap, 1999; Garbarino and Johnson, 1999). Other studies begin by proposing trust as two-dimensional but practically find that trust emerges as a unidimensional construct (Geyskens *et al.*, 1996; Doney and Cannon, 1997; Joshi and Stump, 1999; Nicholson *et al.*, 2001). Other studies have a multidimensional approach to studying trust (Rodriguez and Wilson, 1995; Brashear *et al.*, 2003; Miyamoto and Rexha, 2004; Johnson and Grayson, 2005). All these studies show lack of consensus regarding the most appropriate conceptualisation and indeed operationalisations of trust.

### *Performance/Cognitive trust(Interpersonal Level):*

Performance/cognitive trust is the confidence, willingness or intention of a party to rely on a partner's competence, reliability/credibility, and promptness in meeting their obligations (Anderson and Weitz, 1989; Moorman *et al.*, 1992). Trust emerges from a party's predictions regarding his/her partner's future action/behaviours to fulfil promises (Zaheer *et al.*, 1998). These predictions are based on accumulative knowledge gained through parties' interaction (Harris and Dibben, 1999) or based on a party's reputation in other relationships (Johnson and Grayson, 2005). Because trust is knowledge-driven, the lack or incomplete knowledge creates the need to trust. Thus the amount of knowledge necessary to trust is somewhere between complete knowledge and total ignorance (McAllister, 1995). Trust decision is driven by available knowledge and 'good reasons' to trust (Mayer *et al.*, 1995). Moreover, performance-based trust is viewed as an expectation rather than a conviction, which reflects an uncertain anticipation of a partner's future behaviour (Zaheer *et al.*, 1998). Thus trust provides parties with a degree of freedom to disappoint expectations. This is particularly possible at interorganisational level, where trust needs to be reactivated specifically when parties take on new transactional tasks (Huemer, 2004) to ensure no unpleasant surprises arise from change in tasks. While future actions/behaviours imply some degree of risk, the knowledge gained reduces uncertainty (Eriksson and Sharma, 2003). Parties' expectations can be a good indicator of the level of trust. When the level of trust is high, expectations can be reliably predicted since it makes parties feel secure in their interaction. However, when trust is low, expectations will be clouded by uncertainty. Performance-based trust has been seen as important in initiating parties' commitment to the economic aspects of the relationship (Ganesan, 1994; Coutler and Coutler, 2003; Johnson and Grayson, 2005). Despite this important outcome of performance-based trust, it is not enough to help secure long-lasting relationships. Most researchers have focused on the antecedents of this dimension, which have been described by Nicholson *et al.* (2001, p. 3) as "more impersonal, detached, and dispassionate analytical antecedents such as a common value system and frequency of interaction". They also pointed out that "less attention has been paid to the role played by more personal and emotional factors" (p. 3).

### *Affective/Personality Trust (Interpersonal Level):*

Building up trust is a social process, which takes time and must be based on personal experience (Hakansson, 1982). Trust belongs to the individual (Zaltman and Moorman, 1988). Personality traits of an individual can be either trusting or not. Interpersonal interaction is important in the creation of trust (Zaheer *et al.*, 1998; Nicholson *et al.*, 2001). Although trust is internally felt, trust is manifested in external actions/behaviours in the form of co-operation. Affective-based trust is the confidence a party places in another party based on the feelings and emotions generated by the caring, empathy, politeness, similarity, and concern for the other party demonstrated in their interaction (Rempel *et al.*, 1985). Affective-based trust is characterised by "feelings of security and perceived strength of the relationship" (Johnson and Grayson, 2005, p. 501), interpersonal liking (Nicholson *et al.*, 2001), and a 'leap of faith' beyond the expectations that reason and knowledge would warrant (Wicks *et al.*, 1999, p. 100), which means that the relational context will act as a moral control on the behaviour of parties

(Granovetter, 1985). Thus, trust is in effect based on emotion. An emotional bond is essential in driving the relationship and nurturing trust mutuality (Nicholson *et al.*, 2001). This improves their understanding of each other as individuals and creates emotional openness without much concern for vulnerability (Chowdhury, 2005). Personal qualities as a basis of affective-based trust are important in creating an emotional bond, which strengthens and reinforces the economic and structural bonds (Nicholson *et al.*, 2001; Svensson, 2004).

This type of trust is motivated by a partner's goodwill (Rin and Van de Ven, 1992), reputation (Einwiller, 2003), actions/behaviours (Rempel *et al.*, 1985), shared values (Morgan and Hunt, 1994), norms (Heide and John, 1992; Gundlach and Murphy, 1993), and benevolence (Ganesan, 1994; Doney and Cannon, 1997; Kumar *et al.*, 1995). A number of studies referred to this dimension as 'benevolence trust', which includes both friendship between parties and making sacrifices for the other party (Ganesan, 1994), allowance for making a partner's explication that the other party's action will be in the best interest of a partner (Kumar *et al.*, 1995), and is willing to achieve mutual goals (Doney and Cannon, 1997). One of the important factors of this dimension is empathy, which is defined as a party being caring, warm and considerate. Politeness is a party being considerate, deferent or courteous (Coulter and Coulter, 2003). Similarity refers to the compatibility in a relationship where parties have similar attitudes, values, beliefs, goals, status, lifestyles, and personality traits (Crosby *et al.*, 1990; Morgan, 2000). Within affective-based trust, reliability/credibility arises from a partner's honesty or integrity at the personal level with the ability to rely on a partner's word, keep one's promise and fulfil obligations (Kumar *et al.*, 1995). Honesty is based on the extent to which the buyer believes that the seller will keep his or her promises (Ganesan, 1994). It involves deep dependence and unequal power between parties. Coulter and Coulter (2003) found that affective-related factors (similarity, empathy, and politeness) have greater impact on trust when parties' familiarity is low. Brashear *et al.* (2003) found that predictive basis of trust, based on the perception of parties' respect, is significantly related to the perceptions of affective-based trust, which means the importance is not necessarily the amount of interaction but the quality of that interaction.

### **Relationship Commitment**

Relationship commitment has been recognised in different literatures such as channel relationships, buyer-seller relationships, network theory and social exchange theory to play a central role in a long-lasting relationship. Because commitment is central in successful relationship marketing, researchers focused their research on factors that influence the development and maintenance of commitment. Relationship commitment is known as an enduring desire to maintain a relationship (Dwyer *et al.*, 1987; Geyskens *et al.*, 1996; Moorman *et al.*, 1992; Morgan and Hunt, 1994). Relationship commitment is increasingly important as a focal point in marketing; as suggested by Gundlach *et al.*, (1995, p. 78), commitment "may well become a focal point of explanation in marketing, as the discipline moves further away from the transactional view of exchange and embraces the relational view". However, relationship commitment is a complex phenomenon and difficult construct that is poorly understood and subject to different forces (Kumar *et al.*, 1995). Deeper understanding of the construct of commitment is prevented by the absence of a clear and complete definition of commitment. According to Fehr (1988, p. 557) "search for a definition of commitment carried out in psychology and other related disciplines has been marked with conflict, confusion, and disagreement". Nevertheless commitment has been seen as the willingness or intention to continue maintaining the relationship into the future.

*Instrumental/calculative dimension:* This dimension is also known as economic commitment (Young and Denize, 1995), constraints commitment (Bendapudi and Berry, 1997), and structural commitment (Williams *et al.*, 1998). Geyskens *et al.* (1996, p. 304) defined calculative commitment as "the need to maintain a relationship given the significant anticipated termination or switching costs associated with leaving". This type of commitment refers to the investment of relationship-specific assets among partner organisations (Rylander *et al.*, 1997). Instrumental/calculative commitment is viewed as a function of pledges, idiosyncratic investments, sharing of information, and allocation of relationship-specific resources (Dwyer *et al.*, 1987; Anderson and Weitz, 1992; Gundlach *et al.*, 1995). Inputs or investments in a relationship are evidence and manifestation of implementing early promises, which enhance parties' credibility at the beginning of the relationship and reduce uncertainty and the risk of opportunism (Morgan and Hunt, 1994; Achrol and Gundlach, 1999; Wuyts and Geyskens, 2005). The specific investments in a relationship cannot be easily transferred to an alternative party (Hocutt, 1998). Sandy and Ganesan (2000) examined the role of specific investment on developing commitment during a relationship life cycle. They found that the transaction-specific investment (TSI)

enhances commitment in the exploration phase and has a positive effect during the decline phase. These inputs or investments into the relationship act as barriers against one party leaving the relationship as it becomes more costly to terminate the relationship (Morgan and Hunt, 1994). Thus parties perceived the need to maintain their relationship considering the high cost associated with terminating or switching away from the relationship (Hocutt, 1998; Halinen and Tahtinen, 2002; Pressey and Mathews, 2003) or insuring continuous access to important benefits (Goodman and Dion, 2001; Tellefsen and Thomas, 2005).

*Attitudinal dimension:* This dimension is also known as *affective* commitment (Gundlach *et al.*, 1995; Geyskens *et al.*, 1996; Bendapudi and Berry, 1997). This type of commitment is more personal, involving social interactions among individuals presenting partner organisations (Rylander *et al.*, 1997). However, the attitudinal aspect of affective commitment is critical in terms of developing the trust, mutuality, integrity and solidarity that are necessary to sustain long-term relationships (Gundlach *et al.*, 1995). In organisation literature, Meyer and Allen (1991) argued that the level of affective commitment in a relationship does not affect the degree of calculative commitment and vice versa. Escalating commitment literature, however, contradicts this argument and instead it argues that parties may increase commitment to a course of action because of self-justification motives (Bobocel and Meyer, 1994). Evidence from the context of a consumer-firm appears to show that affective commitment drives calculative commitment (Gutierrez *et al.*, 2004). In RM literature, it is accepted that the ability of parties to engage in a more social interaction reduces uncertainty (Achrol and Stern, 1988), hedges against partner opportunism (Wuyts and Geyskens, 2005), improves relationship quality (Crosby *et al.*, 1990), helps relationship satisfaction (Selnes, 1998; Wetzels *et al.*, 1998), increases relationship attractiveness (Harris *et al.*, 2003), and leads to better relationship co-operation (Harris and Dibben, 1999; Abdul-Muhmin, 2002). Social/emotional bonding is the key factor in initiating affective commitment. Wilson (1995, p. 339) defined social bonding as “the degree of mutual personal friendship and liking shared by the buyer and seller”. Social bonding leads to the creation of the ‘emotional dimension’ and ‘cognitive dimension’ (cognitive means perceptions, knowledge, beliefs shared by parties), which are important antecedents of affective commitment (Sanchez and Iniesta, 2004). While it is understood that a close personal relationship helps the duration of exchange relationships, a personal relationship can have negative impacts on the business relationship in some situations. Alajoutsijarvi *et al.* (2000) report the damaging impact of personal conflicts in initiating the termination process. Meyer and Allen (1991) pointed out that emotional costs of terminating the relationship can be high when the level of affective commitment is high. Despite the importance of the personal relationship in RM, affective commitment should be examined in terms of the role played by the personal characteristics of managers involved in the relationship (Rylander *et al.*, 1997). Furthermore, Tellefsen and Thomas (2005, p. 26) argued that “the link between personal trust and personal commitment has not yet been fully examined or tested in the literature”.

Clearly calculative commitment and affective commitment are distinctly different. When looking back to previous studies on relationship commitment, one would realise the amount of confusion occurring due to measuring ‘commitment’ as a general term. Thus, the antecedents of ‘commitment’ would have different effects on these two types of commitment. This is perhaps the reason for the conflicting evidence regarding the direction of the relationship between trust and commitment. Anderson and Weitz (1989), Morgan and Hunt (1994), Andaleeb (1996) and Ruyter *et al.* (2001) provided causal relationship evidence from trust to commitment. On the contrary, Aulakah *et al.* (1996), Havila *et al.* (2004), Miyamoto and Rexha (2004), and Gao *et al.*, (2005) report the opposite. Because commitment is a continuous process during which both types of commitment continuously occur at different degrees of intensity at different times, researchers may measure commitment at the weakening point or at the strengthening point of the development of the relationship. Recent research by Pressey and Tzokas (2004) suggests that the perception of affective commitment might weaken over time (in the exporter-importer context). Since either type of commitment may have a different level at different points in the interaction, the level of either type of trust may also be different, especially cognitive trust, which often develops throughout the duration of the relationship (Doney and Cannon, 1997). Thus, the relationship between all these types of commitment and trust still needs to be fully examined over a long period of interaction. From the handful of studies that examined some of these relationships, trust is found to be a major antecedent of affective commitment, which provides parties with a sense of identification and affiliation with each other (Gutierrez *et al.*, 2004; Gounaris, 2005), which may make parties focus less on the calculative reasons in the relationship (Ruyter *et al.*, 2001). Parties focus more on calculative aspects of commitment when trust is low (Ganesan, 1994). Geyskens *et al.* (1996) and Mavondo and Rodrigo (2001) reported a negative relationship between trust and calculative

commitment. Once calculative commitment is developed (parties realised the *need* to maintain the relationship), parties invest more in other aspects to improve the quality of the relationship. Relationship quality is mainly established through personal interaction and the development of trust. What this suggests is that the more parties feel the need to maintain their calculative commitment, the more likely that they will invest in developing trust. Thus trust is driven by increasing commitment. Trust can then lead to affective commitment, which is the most effective for developing and maintaining mutually beneficial relationships between partners (Kumar *et al.*, 1995). Both calculative commitment and affective commitment lead to temporal commitment.

### ***Trust and Relationship Commitment in Different Countries/Cultures***

Drivers of trust and relationship commitment vary in different countries (Williams *et al.*, 1998; Rodriguez and Wilson, 2002; Batonda and Perry, 2003). Few studies have provided empirical evidence regarding the nature of trust and commitment in different countries. Rodriguez and Wilson (1995) found that American managers view socialisation as 'unimportant' and of 'no purpose' in the development of long-term business relationships. Williams *et al.*, (1998) found that the degree of individualism or collectivism in a country influence the extent of structural and social bonding. They found that highly interpersonal orientation countries (collectivism) would be highly responsive to interpersonal aspects of the business relationship and put more emphasis on social bonding, which is a major driver of commitment. Also they found that highly structural orientation countries (individualism) would be highly responsive to structural aspects of the business relationship and put more emphasis on structural bonding, which drives the development of commitment in these countries.

Similarly evidence was provided by Rodriguez and Wilson (2002) who conducted a study on building interdependency from a cultural perspective from the U.S.-Mexican strategic alliances, which found that trust and commitment assist in building interdependency, but trust is built mainly on economic (instrumental dimensions) and strategic co-operation for U.S. managers, whereas Mexican managers perceive social and affective dimensions as the main driving forces. Furthermore, Zabkar and Brencic (2004) found that the perception of trust and commitment in Serbia and Croatia is different because of cultural differences. They found that the perception of trust and commitment in Serbia is based on the social and co-operative aspects of the relationship because of the collective nature of the Serbian culture (affective dimensions), whereas trust and commitment in Croatia is based on economic and self-fulfilment aspects of the relationship (instrumental/calculative dimension) because of the Croats culture, which has "become closer to Western types of relationships" (Zabkar and Brencic, 2004, p. 210). The findings from these studies indicate that, in some cultures, for example, some level of performance-based trust may be necessary for affective-based trust to develop whereas in some cultures the opposite may be true. This seems to be also the case with commitment where instrumental commitment may be necessary for affective commitment to develop in some countries and the reverse may be true in other countries.

The roles of interpersonal and interorganisational relationships are emphasised differently in different countries. Thus defining trust and relationship commitment has to incorporate its dimensions with the specific cultural emphasis in business interaction in different countries. Trust and commitment, in most relationships, is made up by a mix of components. Trust is made up by performance/affective-based trust and commitment is made up by calculative/affective-based commitment but the emphasis on the importance of these components varies in different countries. Trust emerges from two main sources, namely personal characteristics of partners and social institutions. Both are culturally affected. Based on the above discussion, the following are the hypotheses for the UK and Saudi Arabia. Starting with the UK, similar to Geyskens *et al.* (1996); Doney and Cannon (1997); Joshi and Stump (1999), and Nicholson *et al.* (2001) we proposed trust as multidimensional construct but trust emerge as unidimensional construct in the UK.

Figure 1 KMV Model in the UK.

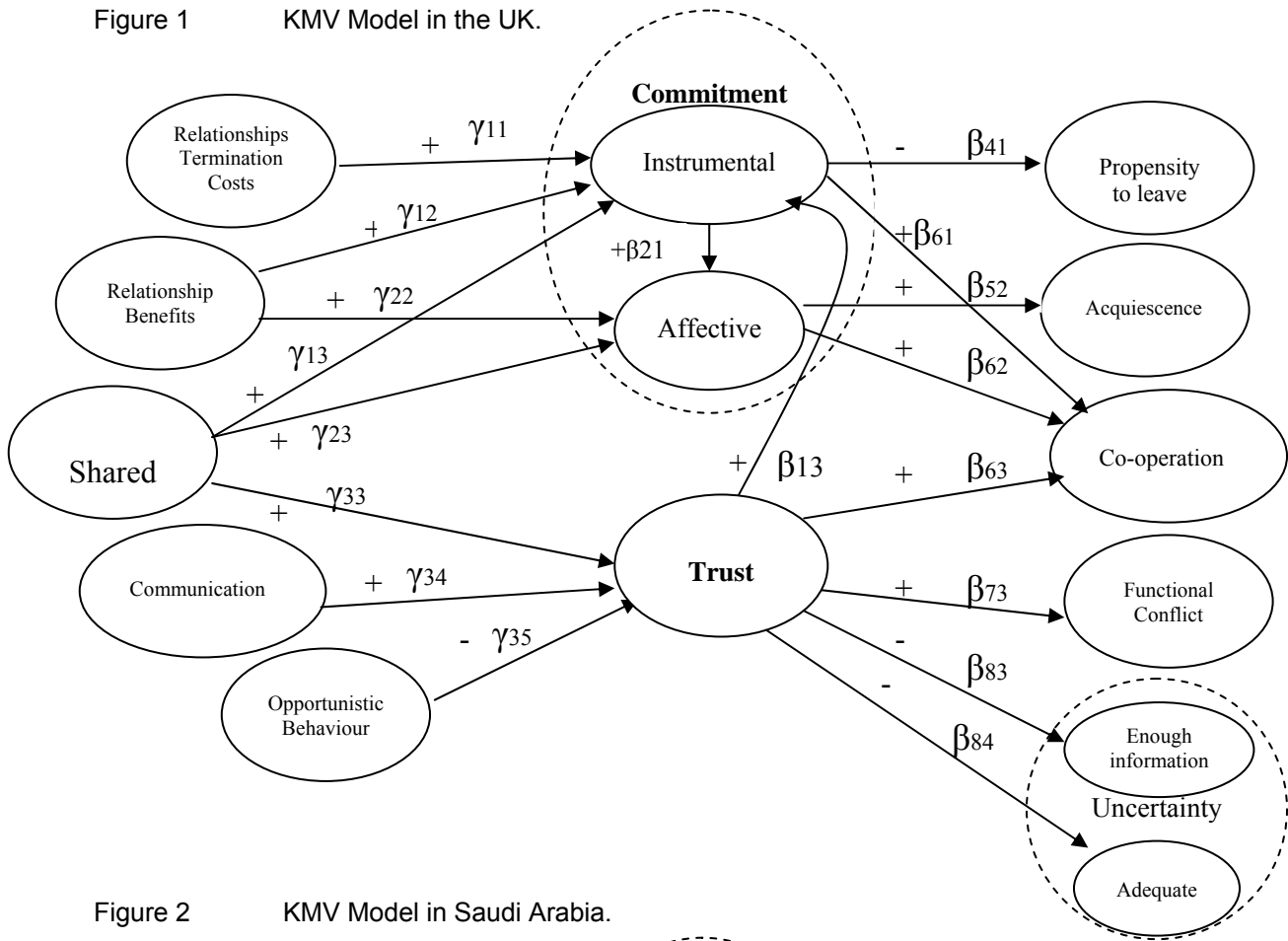
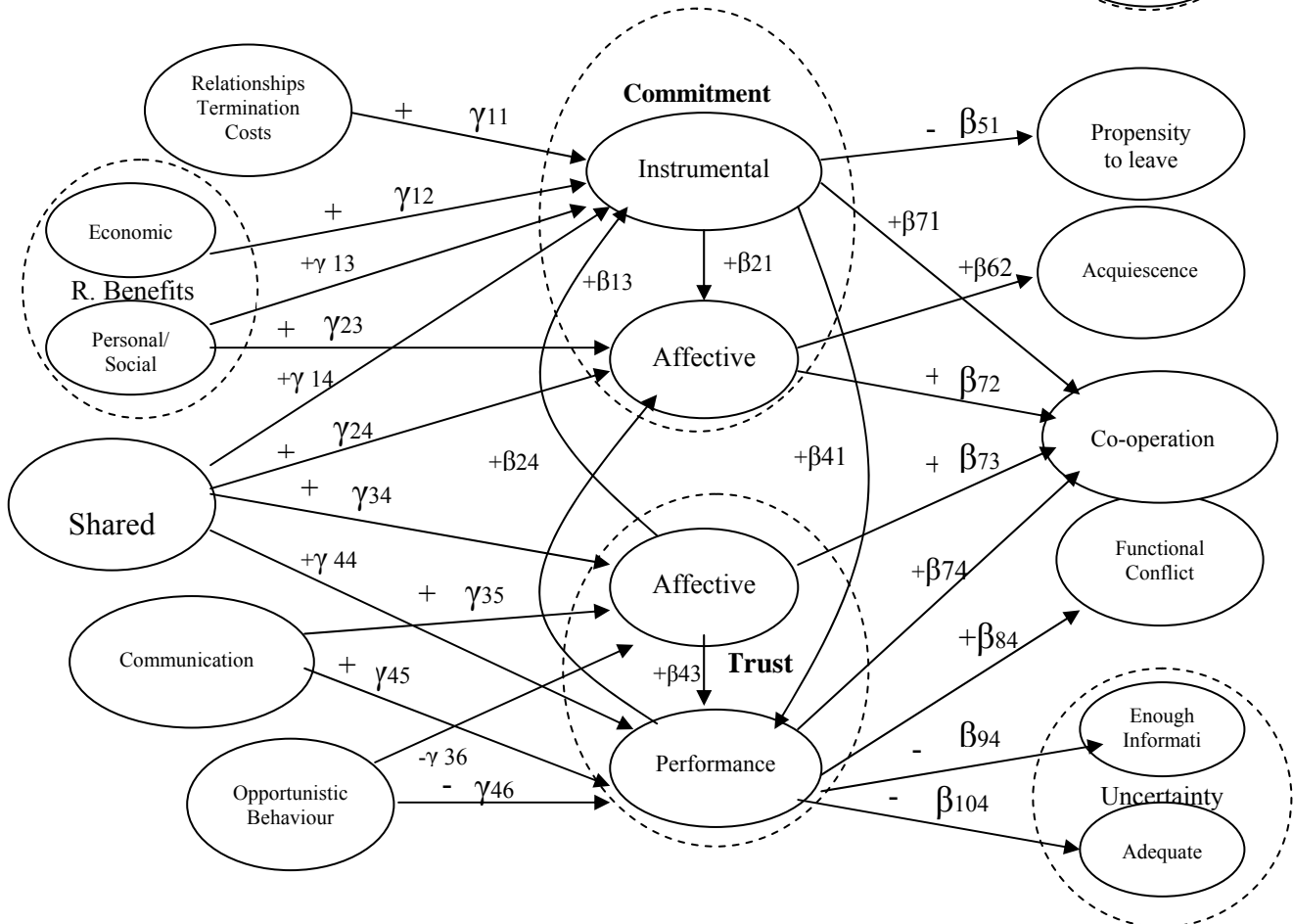


Figure 2 KMV Model in Saudi Arabia.



### **Antecedent Variables:**

#### *Relationship Termination Costs*

Termination costs refer to the costs of ending the relationship. Termination costs have been seen as a positive reason for maintaining relationship commitment (Heide and John, 1988; Morgan and Hunt, 1994). These costs include finding an alternative partner, establishing a relationship with a new party, losing investment with the current partner (Ping and Dwyer, 1992), change in transactions' cost over time (Low, 1996) and difference in cultural values between parties (Shankarmahesh *et al.*, 2003). Morgan and Hunt (1994) pointed out that the expected termination costs lead to viewing the existing relationship as important and worthy of maintaining thus generating relationship commitment. Although there are a number of reasons for relationship termination (Pressey and Mathews, 2003), trust and commitment are the key variables which are likely to influence the termination (Hocutt, 1998). Although Morgan and Hunt (1994) have conceptualised termination costs as an antecedent of commitment, the multidimensionality of commitment raises the questions of whether or not termination costs is directly linked to instrumental/calculative commitment, affective commitment or both. Moreover, given the fact that there are only few studies that have discussed the dimensionality of commitment in different national contexts, the question of whether or not termination costs would be linked to a specific dimension of commitment remains unexplored. However, the findings by Williams *et al.*, (1998) and Rodriguez and Wilson (2002) who find that countries characterised by individualism values focus on the economic side of the exchange whereas countries with collectivism values focus on the social side of the exchange as well as the economic side of the exchange. Thus, termination costs may be linked differently either to one dimension or both dimensions of commitment depending on the national context in which the exchange relationships are embedded. Nonetheless, business relationships tend to focus more on business costs, thus termination costs is an antecedent of instrumental/calculative commitment.

*Relationship Benefits:* The formation of business relationships is motivated primarily to gain competitive advantages in the marketplace (Jackson, 1985; Webster, 1992; Nielson, 1998). Pressured to meet the demands of competition, parties are increasingly engaged in collaborative efforts to produce quality products while containing costs (Metcalfe *et al.*, 1992). The conceptualisation by Morgan and Hunt (1994) of relationship benefits as an antecedent of commitment needs update. The question of whether relationship benefits are an antecedent of which commitment dimension remains without answer. To explore this, one must review the relationship between these constructs (relationship benefits and dimensions of commitment) from cultural perspectives. Relationship benefits can be viewed as pure economic benefits (as much of the literature suggests including the KMV model) or as personal/social benefits depending on the cultural context in which a relationship is embedded. Thus relationship benefits based on economic benefits is expected to be an antecedent of instrumental/calculative commitment whereas personal/social benefits is expected to be an antecedent of affective commitment. Moreover, both dimensions of commitment should be influenced by relationship benefits.

*Shared values* have an important role in the interpersonal and inter-organisational interaction between buyer and seller. Interpersonal interaction facilitates the creation of social relationship and emotional bonds, which enhance other antecedents like trust and commitment (Hakansson, 1982). According to the commitment-trust theory (Morgan and Hunt, 1994), shared values affect both trust and commitment positively. Cultural values have been found to influence the development of trust (Doney *et al.*, 1998; Rodriguez and Wilson, 2002), commitment (Geiger *et al.*, 1998, Williams *et al.*, 1998; Skarmeas *et al.*, 2002) and buyer-seller interactions (Kale and Barnes, 1992). The creation of mutual value between different parties is influenced by the national cultural values of all parties involved in any relational exchange which dictates what we consider most important, how we act and what we value (Hampden-Turner and Trompenaars, 1998). *Communication* is the exchange of information between buyer and seller (Selnes, 1998; Cannon and Perreault, 1999). Successful relationships are viewed as involving extensive person-to-person contacts. These contacts enable information to reduce perceived risk and improve credibility (Hakansson, 1982; Nielson, 1998). *Opportunistic Behaviour* is considered to violate the promises (implicit or explicit) between buyer and seller and therefore trust will not be established. Gundlach *et al.* (1995, p. 81) indicated that opportunism possesses a negative influence, describing an instance in which one party reneges on an agreement or understanding to take advantage of an opportunity. John (1984) suggested that there are links between social power usage and observed opportunism. Further, Provan and Skinner (1989) found that power is critical for understanding opportunistic behaviour in a relationship between organisations.



### **Outcome Variables:**

*Acquiescence and Propensity to Leave:* Acquiescence or compliance happens when one partner in the relationship accepts the other partner's requests and polices and complies with them (Morgan and Hunt 1994). Acquiescence is a positive outcome of relationship commitment. Propensity to leave is the plan of one of the partners to terminate the relationship. It happens when the relational exchange lacks a strong presence of commitment. Relationship commitment reduces the propensity to leave. *Cooperation:* There is agreement that trust is a precondition for co-operative activities between firms (Morgan and Hunt, 1994; Smith, 1999). *Co-operation* is "the extent to which exchange partners undertake voluntary coordinated action and jointly strive to achieve individual and mutual goals" (Skinner et al., 1992). Morgan and Hunt (1994) have emphasised that if a firm wants to be an effective competitor it requires one to be a trusted co-operator. Business strategy is seen as an exchange strategy with an emphasis on exchange effectiveness. *Functional Conflict* has been described as a disagreement between partners (Dwyer et al., 1987). Conflict can be developed as part of doing business (Anderson and Narus, 1990) when the dispute is resolved amicably, on the basis of the existence of trust. But in different situations it can terminate the relational exchange between partners. Although Morgan and Hunt have theorised that functional conflict is a positive outcome of trust, other studies such as Moorman et al. (1992) and Chenet et al. (2000) have found that functional conflict is a negative antecedent of trust. *Uncertainty* refers to decision-making uncertainty. It is the extent to which a partner has enough information to make key decisions, can foresee the consequences of these decisions and has confidence in them (Achrol and Stern, 1988). Morgan and Hunt (1994) measure uncertainty using scales developed by Achrol and Stern (1988). Two dimensions of uncertainty were measured, though Morgan and Hunt refer to uncertainty as unidimensional construct. The first dimension measures whether or not partners in the relationship have adequate information to make decisions. The second dimension measures the degree of confidence of the decision maker when making decisions.

### **Research Methodology**

The research focuses on buyer-seller relationship in industrial markets in the United Kingdom and Saudi Arabia. The UK and Saudi Arabia provide fertile ground for this type of research, which focuses on the role of culture on buyer-seller relationships in different national culture. Both countries were selected because:

- Both countries scored opposite to each other on Hofstede's (1991) scale on cultural values.
- Contrary to the deal-focus approach to business in the UK, business in Saudi Arabian culture is known to have a relationship orientation for many centuries (Gronroos, 1994).
- Demographic, social, economic and cultural differences exist between the two countries, which allow us to test the extent and measure the modified KMV model in both countries separately.

Constructs included in the original KMV model were included in the study and the dimensions of trust and commitment were also included after careful review of the literature. These constructs were operationalised using the original measurement by Morgan and Hunt (1994) and new additional measurements were either employed from previous empirical research on buyer-seller relationships or newly developed by this study as a result of exploratory interviews in both countries.

### **Survey**

The survey instrument used has a structured format and made up of three major parts: the first include a number of questions referring to business type, suppliers, percentage of purchases and product manufactured; the second part comprised a series of statements reflecting the items operationalising the constructs included in the extended KMV model. All statements were measured on a seven-point likert scale, ranging from 1 strongly disagree to 7 strongly agree. In order to reduce the possibility of respondent bias, some statements were reversed. The questionnaire was first written in English and then translated into Arabic. Back-translation method introduced by Brislin (1986) was used in order to ensure linguistic equivalence. The questionnaire was pre-tested using in-depth interviews with the managers of five industrial companies in the UK and Saudi Arabia. Respondents were encouraged to elaborate more and give clarifications and to comment on the questionnaire's flow and administration. The pilot interviews revealed no problems in the questionnaire.

### **Data Collection and Response**

Before starting to describe and analyse the data collected in the UK and Saudi Arabia, a brief background of data collection and response has to be given to the reader. As mentioned in the previous chapter, data were collected by mail survey in the UK and a drop-off technique in Saudi Arabia (reasons for using different methods for data collection were given). A database of 1,500 manufacturing companies was purchased from Dun and Bradstreet. A total of 1,000 questionnaires were sent to managing directors of manufacturing companies in the UK in June 2002. Three weeks later a total of 106 usable questionnaires were returned. Follow up telephone calls were made to around 500 respondents. Most of those who were contacted were either out of their office or on holiday. These telephone calls increased the total number of usable questionnaires to 137. During September 2002 reminder letters with the questionnaires, accompanied by a good quality pen for respondents to use, were sent to those who had not been contacted by telephone (total 428). This brought the total number of usable questionnaires to 201 for data analysis. Data collection in Saudi Arabia started at the beginning of October 2002. Initial face-to-face meetings with respondents normally took place, at which the researcher obtained respondents' commitment to complete the questionnaire. At these meetings, short general conversations were exchanged and a date for collecting the questionnaire was agreed (normally within a few days). This process lasted until the end of December 2002. A total of 218 questionnaires were completed out of 259 distributed. A final checking reduced the number of usable questionnaires to 206, which were used in the data analysis. The reduction was caused by the fact that these questionnaires were completed by inappropriate people in the company (either non-Saudi managers or lower ranking Saudi managers).

The response rate for the UK is 20.1%, which is a common rate in market research (Jobber and Saunders, 1988; Aaker *et al.*, 2001). The Saudi response rate is 79.5%, which is not uncommon, given the drop-off technique that has been used in Saudi Arabia. This is consistent with the guide provided by Tuncaalp (1988) on market research in Saudi Arabia. Since a mail survey was used in the data collection in the UK, and due to the follow-up stages that the researcher had to utilise, one must test for a non-response bias. Yu and Cooper (1983) pointed out that mail surveys raise the possibility of non-response bias more than face-to-face interviews. For this reason, an assessment for non-response bias has to be conducted.

### **Non-Response Bias Test**

Non-response bias happens because "those who respond are likely to differ substantially from those who do not respond" (Aaker *et al.*, 2001, p. 244). This problem occurs as a result of non-coverage, non-contact or refusal to participate (Mathew and Diamantopoulos, 1995). Armstrong and Overton (1977) recommended that randomly selected data gathered from early respondents were compared to those of late respondents. Thus this study tested for non-response bias on early respondents, telephone respondents and late respondents using six randomly selected items. The result showed that no statistically significant differences were observed at the 5% significant level between the groups on the selected items. In addition, there is no big difference between the three groups when comparing mean values of these. The lack of differences between the two groups suggests that there is no of non-response bias.

### **Statistical Method and Constructs Validation**

Structural equation modeling (SEM) was employed. Using this technique has the advantages in dealing with multiple relationships among constructs simultaneously while ensuring statistical efficiency and it enables researchers to comprehensively assess the relationships in systematic and holistic way (Hair *et al.*, 1995). Confirmatory modeling approach using confirmatory factor analysis (CFA) was employed using LISREL. This particularly important because eight constructs in the KMV model were defined using formative indicators and four construct with reflective indicators. The unidimensional classical test for constructs with reflective indicators was performed as suggested by Anderson and Gerbing (1982). Construct with reflective indicators are: termination costs, shared values, commitment and trust. Using Morgan and Hunt's (1994) measurements, only shared values that was found to be unidimensional in both countries and termination cost in the UK. However, using measurement developed by Morgan and Hunt (1994) and the new additional measurement, the study tested for unidimensionality for these constructs and were found to be unidimensional. This was done separately in each country in order to ensure that each construct was defined correctly in each country. In addition, composite reliability and variance extracted were calculated for all constructs and were above the threshold of .50 (Hair *et al.*, 1995).

Diamantopoulos and Winklhofer (2001) suggested three approaches to validate constructs with formative indicators. In the first, each indicator should be correlated to another variable (internal to the index) and only those indicators that are significantly correlated with the variable should be retained. The second approach involves the inclusion of reflective indicators to the index and estimates using multiple indicators and multiple causes (MIMC). Within this approach the following should be considered. (1) The index of formative indicators will be indicated by one or more reflective indicators. If the overall model fit emerged as acceptable then this can be taken as evidence that formative indicators that form the index are supported. (2) The inclusion of reflective indicators should be done to reflect effects of the constructs. (3) Once the overall model fit proves acceptable, researchers should examine the  $\gamma$ s. Non-significant  $\gamma$ s should not be considered as a valid measure of the construct and therefore should be excluded. (4) The elimination of non-significant indicators should be done "at a time in an iterative process, starting with one displaying the lowest t-value" (Diamantopoulos and Winklhofer, 2001, p. 273).

The third approach of validation involves linking the construct validated in the second approach (see above) to another construct with which it is expected to be linked, either as an antecedent or a consequence. This approach is necessary to ensure that the new construct (after the re-specification conducted in the second approach) works in predictable ways. Furthermore, Diamantopoulos and Winklhofer (2001) emphasised that the validation within this approach had three requirements. (1) Information is gathered for at least one more construct than the one captured by the index. (2) This other construct is measured by means of reflective indicators. (3) Theoretical relationship can be assumed to exist between the constructs. Researchers should report the magnitude of  $\beta$  between the two constructs, which should be  $\beta > 0$ . In this research, only the second and third approaches suggested by Diamantopoulos and Winklhofer (2001) were used, as these two approaches are more rigorous than the first approach. The validation of all constructs with formative indicators was performed separately in both countries and the result was satisfactory and constructs were found to be valid.

### **Findings**

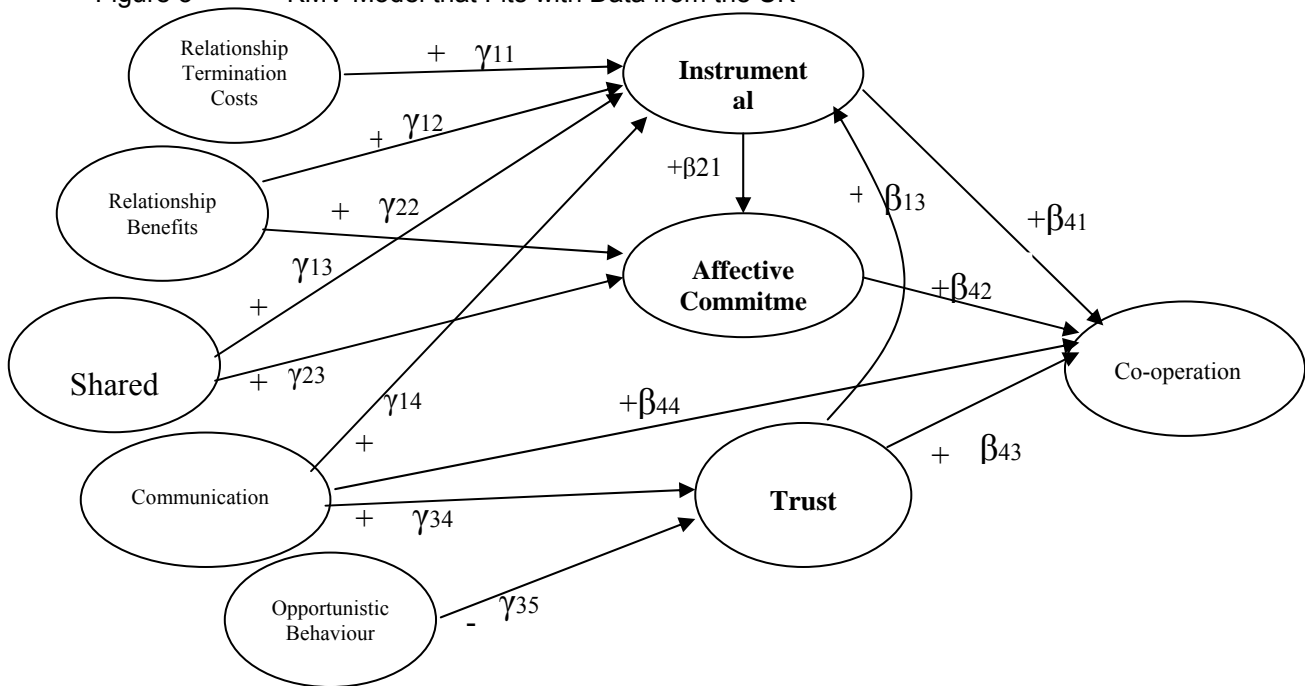
The validation procedure followed above resulted in the inclusion of a high number of indicators measuring construct in the KMV model. A high number of indicators can cause estimation problems, as acknowledged by Diamantopoulos and Winklhofer (2001, p. 272) "the excessive number of indicators is undesirable because of both the data collection demands it imposes and the increase in the number of parameters when the construct is embedded within a broader structural model (e.g. in a LISREL context)". Given the fact that the validation process of all the constructs in the KMV model produces high numbers of indicators, the KMV model estimation method used in this study is based on the recommendation by Anderson and Gerbing (1988). They recommended that, once all constructs in a model have been validated, the indicators for each construct should be summated and the composite score used to test relationships in the structural model. Anderson and Gerbing (1988) pointed out that "the composite score is meaningful only if each of the measures is acceptably unidimensional". Thus, given that this research had validated all constructs in the KMV model in the UK, the composite score for each construct was used to estimate the structural model.

### **Structural model in the UK**

The hypothesised links among constructs of industrial buyer-seller relationships were tested. The estimation of the full KMV model for the UK (see Figure 1) resulted in poor fit ( $\chi^2 = 595.788$ ,  $df = 63$ ,  $RMSEA = .215$ ,  $NNFI = .664$ ,  $CFI = .768$ ,  $GFI = .688$ ,  $AGFI = .481$ ). The relationship between trust and both dimensions of uncertainty was positive, which has no theoretical support. Similarly, the relationship between 'instrumental commitment' and 'propensity to leave' was positive, which has no theoretical support. Thus one had to remove the dimensions of 'uncertainty' and 'propensity to leave' from the estimation. The elimination of these constructs was conducted one at a time, just in case the relationship between the remaining constructs changed to fit as hypothesised and produced an acceptable fit. However, after elimination of these constructs (uncertainty and propensity to leave) the model did not produce a good fit. After checking the most offending constructs, 'acquiescence' and 'functional conflicts' appear to cause most problems. Therefore, 'acquiescence' was eliminated first but the fit did not improve and 'functional conflict' continues to cause poor fit. Thus one had to eliminate 'functional conflict'. The estimation of the above model produces a good fit by all indices except the p-value. This indicates a significant result, which implies that the model is not adequate. After checking the relationships between constructs, it was clear that the relationship between 'shared values' and 'trust' caused the p-value to be significant. Although one would expect a positive

relationship between the two constructs, it looked as if the data from the UK did not support this relationship (the relationship between the two constructs turned out to be negative and non-significant). The model was estimated again without the link between 'shared values' and 'trust'. The estimation improved the p-value (.0348) but it was still not adequate to accept the model. After a number of attempts to make the link between constructs where one would think a relationship may exist (e.g. a link from 'trust' to 'affective commitment'), the estimation could not improve the p-value. The model could not produce a good fit until a direct link between 'communication' and 'cooperation' was made. After this change, p-value improves but did not achieve the satisfactory level. Thus new link was made between 'communication' and 'instrumental commitment'. Figure 3 represents the final model that produces an excellent fit.

Figure 3 KMV Model that Fits with Data from the UK



The above model was the best that the data from the UK can produce. Although 'communication' has a direct relationship with 'cooperation' as well as through 'trust', the model's fit could not be adequate without making this the direct link between the two constructs. Also, communication appears to influence 'instrumental commitment' and the link was made. The full results from the estimation of the model in the UK are outlined in Table 1 below.

Table 1 The Results of the Estimation of the Model in the UK

UK		
Hypotheses (Parameters)	Estimates	T-Values
<b>H1 (<math>\gamma_{11}</math>):</b> <i>R. Termination costs</i> → <i>Instrumental Commitment</i>	.137	3.5 <sup>a</sup>
<b>H2 (<math>\gamma_{12}</math>):</b> <i>R. Benefits</i> → <i>Instrumental Commitment</i>	.496	6.82 <sup>a</sup>
<b>H3 (<math>\gamma_{22}</math>):</b> <i>R. Benefits</i> → <i>Affective Commitment</i>	.131	1.9 <sup>d</sup>
<b>H4 (<math>\gamma_{13}</math>):</b> <i>Shared Values</i> → <i>Instrumental Commitment</i>	.175	2.34 <sup>b</sup>

<b>H5 (γ23):</b> <i>Shared Values</i> → <i>Affective Commitment</i>	.025	.367
<b>H6 (γ34):</b> <i>Communication</i> → <i>Trust</i>	.437	7.57 <sup>a</sup>
<b>H7 (γ14):</b> <i>Communication</i> → <i>Instrumental Commitment</i>	.128	1.62 <sup>d</sup>
<b>H8 (γ35):</b> <i>Opportunistic Behaviour</i> → <i>Trust</i>	-.497	-8.17 <sup>a</sup>
<b>H9 (β44):</b> <i>Communication</i> → <i>Cooperation</i>	.205	3.74 <sup>a</sup>
<b>H10 (β13):</b> <i>Trust</i> → <i>Instrumental Commitment</i>	.081	1.35 <sup>e</sup>
<b>H11 (β21):</b> <i>Instrumental Commitment</i> → <i>Affective Commitment</i>	1.058	16.61 <sup>a</sup>
<b>H12 (β41):</b> <i>Instrumental Commitment</i> → <i>Cooperation</i>	.152	3.385 <sup>a</sup>
<b>H13 (β42):</b> <i>Affective Commitment</i> → <i>Cooperation</i>	.0054	.093
<b>H14 (β43):</b> <i>Trust</i> → <i>Cooperation</i>	.495	9.63 <sup>a</sup>

Goodness of Fit	
$\chi^2$ (df)	21.8 (12)
P-Value	.053
GFI	.97
AGFI	.91
NNFI	.97
CFI	.99
RMSEA	.063

<sup>a</sup> significant at  $p < 0.005$  (1-tail); <sup>b</sup> significant at  $p < 0.01$  (1-tail); <sup>c</sup> significant at  $p < 0.025$  (1-tail); <sup>d</sup> significant at  $p < 0.05$  (1-tail); <sup>e</sup> significant at  $p < 0.1$  (1-tail); <sup>f</sup> significant at  $p < 0.25$  (1-tail). Grey colour represents non significant relationships between two constructs.

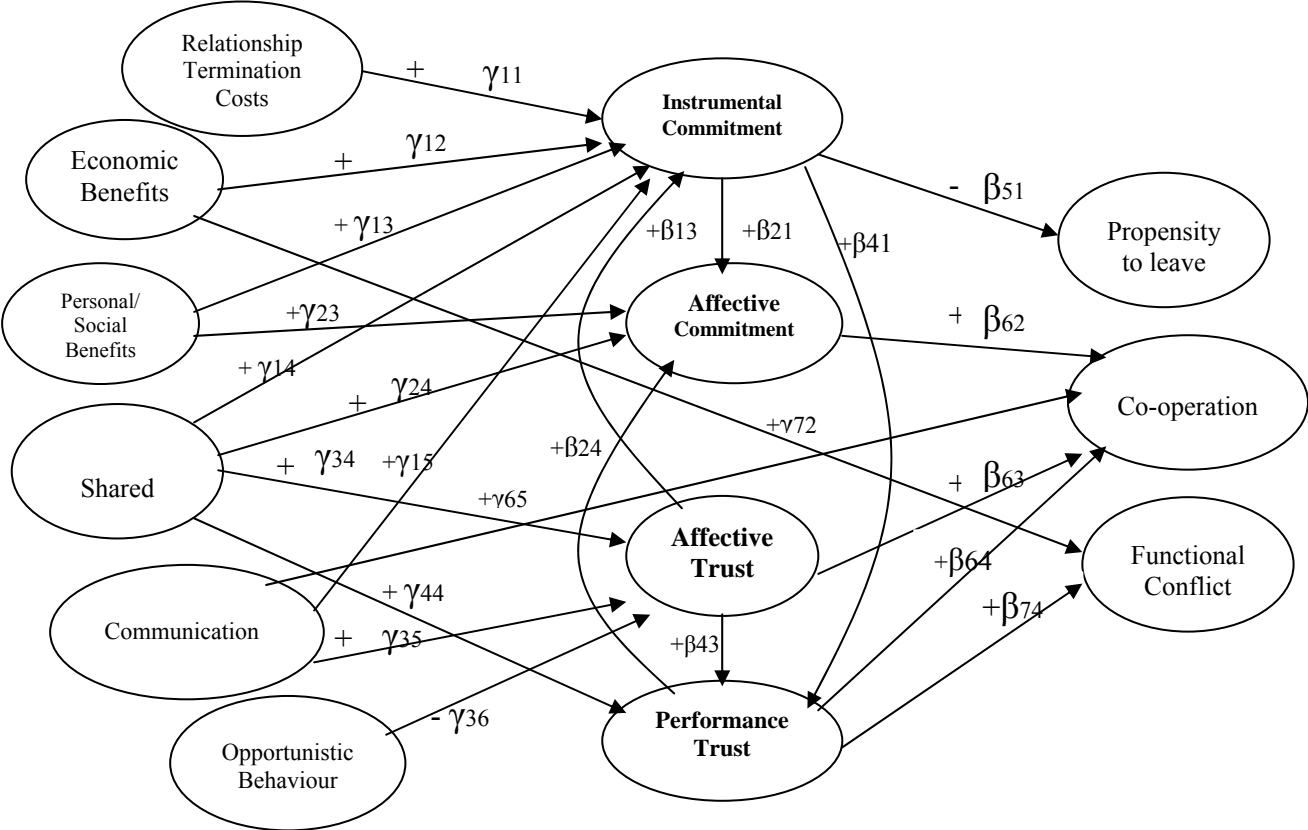
### Structural Model in Saudi Arabia

After validating constructs on the Saudi Arabian data, the model can be estimated. Similar to the estimation procedure used in the UK data, the composite score for each construct was used in the estimation as suggested by Anderson and Gerbing (1988). The full model (as specified in Figure 9.4 for Saudi Arabia) was estimated. The result shows a poor fit ( $\chi^2 = 431.78$ ,  $df = 79$ ,  $RMSEA = .149$ ,  $NNFI = .749$ ,  $CFI = .834$ ,  $GFI = .793$ ,  $AGFI = .64$ ). As this result is not acceptable, the relationships between constructs need to be re-examined. Because the validation of 'uncertainty' was unsatisfactory, one had to remove both dimensions of 'uncertainty' in order to improve the estimation of the model. The model was estimated without 'uncertainty' but the result shows an acceptable fit. After checking the most offending construct, 'acquiescence' was found to cause the poor fit of the model. Thus a decision was made to remove 'acquiescence' from the estimation. The result shows improvement in the model's fit but still not enough.

After eliminating the offending constructs, the attention then shifted towards examining the linkages between constructs (parameters). A number of modifications had to be made in order to improve the model's fit further. The relationship between 'communication' and 'performance trust' was weak and

non-significant. Also the relationship between 'opportunistic behaviour' and 'performance trust' was weak and non-significant. Although these relationships were expected to occur in business-to-business relationships in Saudi Arabia, it looks as if 'communication' and 'opportunistic behaviour' influence 'performance trust' through 'affective trust' (this will be discussed further in the next chapter). Furthermore, the relationship between 'instrumental commitment' and 'cooperation' was weak and non-significant. All these relationships were removed. The model was estimated and the model's fit was not significantly improved. The model's fit was improved when 'communication' was linked to 'instrumental commitment' and 'cooperation'. In addition, a link between 'economic benefits' and 'conflict' was necessary in order to achieve a good fit for the model. Note that these new linkages between these constructs are either supported in the literature or from the findings from the qualitative interviews. Justifications for making these linkages are discussed in the next chapter. Figure 4 below shows the final model that was estimated and included in this study.

Figure 4 KMV Model in Saudi Arabia



The above model provides the best explanation that the data from Saudi Arabia can offer. A great deal of care was made not to make new relationships between constructs that have no justification. LISREL suggested a number of relationships that would substantially improve the model's fit (e.g. a positive relationship from 'opportunistic behaviour' to 'affective commitment' or a positive relationship from 'communication' to 'economic behaviour'). However, the new parameters that were added to the model were both necessary to improve model fit and reflect reality about relationships in Saudi Arabia. The results of the estimation of the above model are included in Table 2 below.

Table 2 The Results of the Estimation of the Model in Saudi Arabia

Saudi Arabia		
Hypotheses (Parameters)	Estimates	T-Values
H1 (γ11): R. Termination costs → Instrumental Commitment	.0566	1.61 <sup>d</sup>

<b>H2 (γ12):</b> <i>Economic Benefits</i> → <i>Instrumental Commitment</i>	.0965	1.043 <sup>f</sup>
<b>H3 (γ72):</b> <i>Economic Benefits</i> → <i>Functional Conflict</i>	.348	2.965 <sup>a</sup>
<b>H4 (γ13):</b> <i>Social Benefits</i> → <i>Instrumental Commitment</i>	.247	5.328 <sup>a</sup>
<b>H5 (γ23):</b> <i>Social Benefits</i> → <i>Affective Commitment</i>	.177	3.887 <sup>a</sup>
<b>H6 (γ14):</b> <i>Shared Values</i> → <i>Instrumental Commitment</i>	.0648	1.2 <sup>f</sup>
<b>H7 (γ24):</b> <i>Shared Values</i> → <i>Affective Commitment</i>	-.05	-.986 <sup>f</sup>
<b>H8 (γ34):</b> <i>Shared Values</i> → <i>Affective Trust</i>	.0055	.083
<b>H9 (γ44):</b> <i>Shared Values</i> → <i>Performance Trust</i>	.0724	1.386 <sup>e</sup>
<b>H10 (γ15):</b> <i>Communication</i> → <i>Instrumental Commitment</i>	.306	5.09 <sup>a</sup>
<b>H11 (γ35):</b> <i>Communication</i> → <i>Affective Trust</i>	.438	7.51 <sup>a</sup>
<b>H12 (γ65):</b> <i>Communication</i> → <i>Cooperation</i>	.367	4.97 <sup>a</sup>
<b>H13 (γ36):</b> <i>Opportunistic Behaviour</i> → <i>Affective Trust</i>	-.451	-7.17 <sup>a</sup>
<b>H14 (β21):</b> <i>Instrumental Commitment</i> → <i>Affective Commitment</i>	1.01	16.5 <sup>a</sup>
<b>H15 (β41):</b> <i>Instrumental Commitment</i> → <i>Performance Trust</i>	.328	5.95 <sup>a</sup>
<b>H16 (β13):</b> <i>Affective Trust</i> → <i>Instrumental Commitment</i>	.0539	1.05 <sup>f</sup>
<b>H17 (β24):</b> <i>Performance Trust</i> → <i>Affective Commitment</i>	-.053	-1.185 <sup>f</sup>
<b>H18 (β43):</b> <i>Affective Trust</i> → <i>Performance Trust</i>	.761	16.3 <sup>a</sup>
<b>H19 (β51):</b> <i>Instrumental Commitment</i> → <i>Propensity to Leave</i>	-.079	-1.589 <sup>d</sup>
<b>H120 (β62):</b> <i>Affective Commitment</i> → <i>Cooperation</i>	.156	2.686 <sup>a</sup>
<b>H21 (β63):</b> <i>Affective Trust</i> → <i>Cooperation</i>	.043	.466

<b>H22 (β64):</b> Performance → Cooperation Trust	.187	2.16 c
<b>H23 (β74):</b> Performance → Functional Trust Conflict	.138	2.44 b
<b>Goodness of Fit</b>		
χ <sup>2</sup> (df)	55.7 (40)	
P-Value	.051	
GFI	.96	
AGFI	.91	
NNFI	.97	
CFI	.98	
RMSEA	.044	

<sup>a</sup> significant at p<0.005 (1-tail); <sup>b</sup> significant at p<0.01 (1-tail); <sup>c</sup> significant at p<0.025 (1-tail); <sup>d</sup> significant at p<0.05 (1-tail); <sup>e</sup> significant at p<0.1 (1-tail); <sup>f</sup> significant at p<0.25 (1-tail).

Grey Coloured areas represent either non-significant relationship or the relationship is either positive or negative opposing the original hypothesis.

The model has been estimated and the results have supported most hypotheses in the model. However, the relationship (H7) between 'shared values' and 'affective commitment' turned out to be negative, which lacks theoretical support. Similarly, the relationship (H17) between 'performance trust' and 'affective commitment' is negative, which is unexpected. In addition, the relationship (H8) between 'shared values' and 'affective trust' was not significant. The relationship between 'affective trust' and 'cooperation' was also non-significant. Overall, the model has achieved a good fit with all indices indicating excellent fit.

### Discussion

The literature review on relationship marketing has shown that our understanding of some of the constructs in the KMV model, especially the key mediating variables (trust and commitment), has advanced significantly since the publication of the commitment-trust theory in 1994. This advancement was mainly driven by the fact that these constructs are made up by different dimensions. Thus measuring these constructs as unidimensional would not reflect the true definition of these constructs and the way in which these constructs influence relationship development.

The distinction between these dimensions of trust and commitment has been made by a number of studies (e.g. Gundlach *et al.*, 1995; Doney *et al.*, 1998; Coutler and Coutler, 2003). Therefore, extending the KMV model was essential. However, the literature does not explain the dynamic relationships between/within these dimensions, especially the dimensions of trust and the dimensions of commitment. A number of empirical studies (Anderson and Weitz, 1989; Morgan and Hunt, 1994; Havila *et al.*, 2004; Miyamoto and Rexha, 2004) have contradicted each other in the way in which the relationship between trust and commitment has been conceptualised which adds to the complexity of extending the KMV model. Furthermore, cross-national studies (e.g. Rodriguez and Wilson, 2002; Zabkar and Brencic, 2004) have brought some insight into the dimensions which are considered important in different countries. However, these studies did not show the relationship between the dimensions of trust and the dimensions of commitment. This research had to rely on the understanding gained from the literature review, the qualitative interviews, and the cultural dimensions by Hofstede (1991) and Hampden-Turner and Trompenaars (1998). The individualism/collectivism dimension was the most helpful in predicting situations in the national culture of the UK and Saudi Arabia. Although both the literature review and the qualitative interviews were the main informant of the re-conceptualisation of the KMV model in each country, one must point out that the data were used as an indicator of possible relationships between constructs. However, the decision to include the suggested relationship in the model was made on the basis of whether or not a theoretical foundation exists for this relationship.

The extended KMV model in both countries was made based on the suggestions made in the literature review. Data from each country was then checked to find out whether or not it measures these constructs. The validation of constructs using the unidimensionality tests for constructs with reflective indicators (Anderson and Gerbing, 1982) and the validation procedures suggested by Diamantopoulos and Winklhofer (2001) for constructs with formative indicators was the key in finding



out whether or not a construct has the measurements that define it in each country (separately). The data from the UK contains the necessary indicators for all constructs except for both dimensions of trust. This is similar to previous studies (e.g. Geyskens *et al.*, 1996; Doney and Cannon, 1997; Nicholson *et al.*, 2001) that have proposed trust as a multidimensional construct but fail to measure both of its dimensions. The affective dimension of trust seems to be difficult to capture by these studies as well as this research. It is worth remembering that these studies were conducted within individualist cultures where the separation between both dimensions of trust is difficult to make. This is mainly because people within individualist cultures give large space for professional interaction and give very small space for personal interaction (Hampden-Turner and Trompenaars, 1997). Thus, indicators of the elements of affective trust such as caring, empathy, politeness, similarity, and concern for the other party may not relate to trust as perceived by members of this culture, whereas in collectivist cultures the distinction between the two dimensions is much clearer as members of this culture perceive affective trust as a necessary condition for full professional interaction. When a culture is characterised as collectivist and has high uncertainty, the distinction between the two dimensions of trust will be clear. This is because affective trust gives a sense of security (Johnson and Grayson, 2005) allowing members of a high uncertainty culture to reduce their uncertainty by increasing the emotional ties and personal linking, which are valued in a collectivist culture. Saudi Arabia is characterised as collectivist and has scored high on the dimension of uncertainty (Bjerke and Al-Meer, 1993). Another important cultural dimension that can indicate the level of affective-ness in relationships is the affective/neutral by Hampden-Turner and Trompenaars (1997). Saudi Arabia is classified as affective culture whereas the UK is classified as neutral culture. Thus it was not problem in measuring both dimensions of trust in Saudi Arabia.

Extending the KMV model in Saudi Arabia was complex, mainly because there were four constructs that have been defined as being two-dimensional in the Saudi culture. These constructs are relationship benefits, trust, commitment and uncertainty. The dimensions of these constructs have made the KMV model in Saudi Arabia quite a large model with many parameters. It was possible to measure all the dimensions for these constructs. The two dimensions of relationship benefits (economic and social/personal) exist in Saudi Arabia but could not be measured in the UK. Saudis do not separate between the benefits of relationships and the social context in which relationships are embedded. Saudi Arabia is high-context culture (Hall, 1973), where the social context of the interaction matter influences the assessment of being in a relationship. When the re-conceptualisation of the KMV model was made in both countries, the model for each country was estimated.

### ***Comparison of the Key Findings from the UK and Saudi Arabia***

The findings from both countries reveal very interesting differences and few similarities. Interestingly, communication came out as a very influential construct in both countries. Although the original KMV model by Morgan and Hunt (1994) has acknowledged the importance of communication as an antecedent of trust, the findings from the UK and Saudi Arabia show that communication is an important element of the dynamic of relationship development in both countries. Because relationships are ongoing process, the need for good effective communication is clear from the findings from this study. Perhaps the main results are the fact that the British respondents focus on the instrumental/calculative aspects of the relationship compared to the Saudi respondents who focus on the affective aspects of the relationship. The dimensions of the key mediating variables (trust and commitment) in both countries play quite different roles in the relationship based on the importance that managers in each country attached to each dimension. In the UK, trust (as a unidimensional construct) is an antecedent of instrumental commitment and trust is not directly influenced by either types of commitment. In Saudi Arabia, the relationships between trust dimensions and commitment dimensions is quite complex. Importantly, Saudi managers attach great deal of importance to affective trust, certainly at the early stages of development, which then becomes the key in determining the way in which Saudi managers evaluate the worthiness of continuing the relationship (instrumental commitment) as well as determining whether efforts should be increased in order to establish performance trust. Performance trust and instrumental commitment are likely to develop simultaneously in relationships in Saudi Arabia. Once performance trust and instrumental commitment exist in the relationship, investment in establishing long-term affective commitment can be made which is a major determinant of a cooperative relationship.

On contrast to the Saudi managers emphasis on affective aspects of the relationship (affective trust and affective commitment), affective commitment is found not to influence cooperation in the UK. Although there is no theoretical backing of this finding, this finding should be kept under review until

other studies either confirm or disconfirm this finding. Instrumental commitment is a key construct in relationships maintenance in the UK. It is also found to play an important role in relationships in Saudi Arabia. However, instrumental commitment in the UK is the most influential construct on decisions regarding cooperation in the relationship whereas it has no influence on cooperation in Saudi Arabia. Instrumental commitment only influences cooperation in Saudi Arabia through affective commitment and performance trust.

In the literature on the relationship between trust and commitment is full of contradiction (as mentioned earlier). When measuring trust and commitment based on their underline dimensions, the picture gets even worse. When comparing the findings on these dimensions from this study with other studies in the literature, one found a mix results. For example, the causal influence from instrumental commitment to affective commitment, that found to exist in the UK and Saudi Arabia, is supported in the literature by Meyer and Allen (1991). However, the study by Gutierrez *et al.* (2004), in the context of consumer-firm relationships, has reported the opposite. Furthermore, this study has found a positive and significant influence from trust on instrumental commitment. Studies by Geyskens *et al.* (1996) and Mavondo and Rodrigo (2001) reported a negative relationship between trust and instrumental commitment. Furthermore, the causal influence from trust to affective commitment was found not exist in this study. Although this finding was surprising, certainly from Saudi Arabia, the literature has studies that found this causal relationship between the two construct to exist (Gutierrez *et al.*, 2004; Gounaris, 2005).

### **Future Research**

Future research should be aware of two main issues related to the adaptation of scales in cross-national research. Firstly, measurements of relational constructs that were developed within a specific national culture need to be thoroughly examined before adoption in any research within different cultures. Secondly, full adoption of the entire scale may not suit the way in which a construct is defined in different cultures. Thus care needs to be taken when considering the full adoption of a scale. Additional indicators to the adopted scale should be considered as one may need these indicators, especially when the adopted scale does not meet expectations.

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