Instrumental and interpersonal determinants of relationship satisfaction
and commitment in industrial markets

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Abstract

Although factors relating to suppliers’ performance on core marketing functions (instrumental factors) and those relating to the climate of interpersonal relations between supplier and customer resource personnel (interpersonal factors) have both been independently advocated as determinants of relationship satisfaction in business-to-business (B2B) markets, there is a dearth of studies that have investigated their joint effects. The author develops and tests a model of relationship satisfaction and commitment in which both instrumental and interpersonal factors are included as joint determinants of relationship satisfaction. The model also examines the links between satisfaction and commitment on one hand, and customers’ propensity to terminate relationships on the other. It is tested with data from a survey of 282 manufacturing firms in Saudi Arabia in which respondents evaluated relationships with foreign suppliers of industrial components and raw materials. The results confirm the hypothesized joint effect of instrumental and interpersonal factors on relationship satisfaction. They also provide evidence in support of a theory-based positive link between satisfaction and commitment, and negative links between propensity to terminate a relationship on one hand, and relationship satisfaction and commitment on the other. Theoretical and managerial implications of the results are outlined and discussed.

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1. Introduction

Relationship satisfaction and commitment are two key constructs in the evolving paradigm of relationship marketing in business-to-business (B2B) contexts, a paradigm whose general theme is the shifting of emphasis from short-term, transactional exchanges to long-term collaborative relationships with key customers. Both in academic and practitioner circles, the current received wisdom is that the ability to engineer relationship satisfaction and commitment among customers is a fundamental basis for implementing relationship marketing. Consequently, research interest in satisfaction and commitment is currently quite substantial and growing, and has spanned a wide variety of contexts, including distribution channel relationships (e.g., Anderson and Narus, 1990; Ganesan, 1994; Morgan and Hunt, 1994; Selnes and Gronhaug, 2000; Schellhase et al., 2000), business services (e.g., Moorman et al., 1993), and consumer services (e.g., Sharma and Patterson, 2000).

Researchers have been particularly interested in identifying the key drivers of relationship satisfaction and commitment, and a relatively large body of models and empirical findings can be traced in the literature. Ideas from the development and maintenance of relationships in interpersonal contexts like friendship and marriage have had a significant influence on this effort, and have led to identification of variables like trust, fairness, shared values, relational social norms, and communication as determinants of relationship satisfaction and commitment in B2B contexts. These variables are here referred to as interpersonal factors. For relationship satisfaction, the literature suggests additional variables relating to suppliers’ performance on key marketing functions like product quality, pricing, and distribution effectiveness as key determinants. In this paper, these are termed instrumental factors.

Studies examining the effects of instrumental or interpersonal factors on relationship satisfaction can be traced in the
literature. However, there is a relative dearth of studies that have examined their joint effects. The objectives of this study are therefore: (1) to develop and test a model in which both instrumental and interpersonal factors are included as joint determinants of relationship satisfaction in B2B markets, and (2) to examine the impact of relationship satisfaction and commitment on the customers’ propensity to terminate relationships. In doing so, the study contributes to the literature in a number of respects. By examining the joint effects of instrumental and interpersonal factors, it gives an indication of the relative importance of the two sets of factors and therefore, provides a broader theoretical perspective on relationship satisfaction and commitment than has hitherto been suggested in the literature. It also helps answer the managerial question of whether or not to prioritize instrumental or interpersonal factors in efforts at building satisfaction and commitment in the face of resource limitations.

Furthermore, in contrast to the majority of previous studies that have been conducted in supplier–reseller contexts, the model is tested in a supplier–manufacturing firm context. Since the supplier selection literature suggests that manufacturing firms and resellers use different criteria in supplier selection (Wagner et al., 1989), with manufacturing firms widely using quality–delivery–price selection criteria, and retail buyers tending to emphasize product selling history, markup, and delivery in vendor selection, a relevant question is whether relationship satisfaction and commitment are also driven by different sets of factors for manufacturing firms and resellers. Results of this study will help answer this question. Additionally, in contrast to the majority of previous studies that have been conducted in Western industrialized countries with customers evaluating suppliers from the same country, the present study is set in a developing-country context with customers evaluating foreign suppliers. Thus, support for the model will provide evidence of the generalizability of these previous findings.

The rest of the paper is organized as follows. The next section presents the theoretical background to the study. There, I review previous conceptualizations of relationship satisfaction and commitment, and discuss their proposed antecedents and consequences. Following this, I present the conceptual framework and develop hypotheses for the study. Next, I present the research methodology and hypotheses tests. I then discuss the results and outline their theoretical and managerial implications. In a final section, I discuss the study’s limitations and make suggestions for future research.

2. Theoretical background

The key constructs in this study are relationship satisfaction and commitment. In this section, I review previous studies on the determinants and consequences of the two constructs. Relationship satisfaction has been defined as a positive affective state resulting from an appraisal of all aspects of a firm’s working relationship with another firm (Anderson and Narus, 1990; Dwyer and Oh, 1987; Ganesan, 1994). It encompasses all characteristics of a relationship that a focal firm finds rewarding, profitable or instrumental or frustrating, problematic, or inhibiting (Ruckert and Churchill, 1984). As defined here, relationship satisfaction is conceptually different from product- or transaction-specific satisfaction, for which the backbone of research has been the expectancy-disconfirmation framework (Oliver, 1980). While product- and transaction-specific satisfactions deal with a customer’s experiences with specific episodic product or transaction encounters with an exchange partner, relationship satisfaction has to do with the customer’s experience with the sum-total of product and transaction encounters over the life span of the relationship. Although individual episodic encounters within this sum-total may have provided positive, negative, or neutral disconfirmations of expectations, it is the customer’s overall affect for the sum-total that is the focus of relationship satisfaction.

Relationship commitment has variously been defined as an exchange party’s belief that a relationship is important enough to warrant maximum efforts at maintaining (Morgan and Hunt, 1994); as an enduring desire by an exchange party to maintain a relationship to which it attaches value (Moorman et al., 1992); and as an exchange party’s intention to continue in a relationship (Anderson and Weitz, 1989; Dwyer et al., 1987; Geyskens et al., 1996). Thus, there appears to be a consensus in the literature that commitment has to do with an exchange party’s willingness to remain in, and safeguard a valued relationship. In this sense, relationship commitment in B2B markets is akin to the concept of loyalty in consumer goods marketing.

2.1. Determinants of relationship satisfaction and commitment

Early work on relationship satisfaction and commitment in B2B markets examined the constructs within the context of distribution channel relationships, and focused largely on how a channel entity’s use of different power and influence strategies impact on channel member satisfaction and commitment (e.g., Gaski, 1986; Wilkinson, 1979). With the evolving paradigm of relationship marketing, and the associated emphasis on the building and maintenance of healthy long-term relationships, some researchers have broadened the examination of relationship satisfaction drivers to include variables related to a supplier’s performance on core marketing program variables like product range, product quality, product support, customer service efficiency, sales promotion effectiveness, pricing, sales force expertise and knowledge, etc. (e.g., Biong, 1993; Gosh et al., 1997; Schellhase et al., 2000). These factors are herein referred to as instrumental factors. Other researchers, however, have focused on the nature of interpersonal relations between resource personnel in the supplier and customer firms. Variables that have been examined include suppliers’ reliability and benevolence
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