ROLE OF TRUST AND COMMITMENT IN CREATING PROFITABLE RELATIONSHIP WITH CUSTOMERS

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Abstract  
Relationship marketing is an important element to attract and satisfy the customers. The basic purpose of the study is to provide a relationship Track that will help marketers to create and maintain strong relationships in consumer markets of developing nations like Pakistan. Data were collected through administered questionnaire which were filled from 380 respondents of the universities students in cities of Islamabad and Peshawar of Pakistan. Trust was found as non-significant on relationship value. The findings also suggest that commitment have positive impact on relationship value. Managers can easily increased and maintain relationship with their customers by following the proved hypothesis in a developing country like Pakistan. It will also help them choose the right relationship marketing strategy to gain the positive results.  
Keywords: Trust, Commitment, Relationship value

INTRODUCTION  
Relationships with customers are important for profitable business in consumer and business markets. Human beings do their best to build and maintain strong relationships with other social elements to survive in societies because according to the social exchange theory there is no one that can survive in the world without social interaction with social elements. For such survival individual as well as groups try their best to make strong relationships in the society for achieving their individual and common goals.  
Interaction means that organizations use different techniques to encourage elements (Trust, commitment) in the consumers that create strong and profitable relationships. Different kind of actions is taken that individuals and organizations used to activate Trust, commitment in consumer and business markets.  
All elements of relationships performed strong role in relationship with customers. All such Relationship marketing sources have powerful effect on the customer behavior towards the product or brand. If customer is trusted with a product or brand than relationship marketing sources will be more powerful source to create long term relationship with existing customers and expanding the relationship with new customers.  
Trust and commitment also have important role in creating and maintaining relationship with customer. Trust in the present scenario of Pakistan has very importance in every field of business. All such contributions are needed in the consumer markets of Pakistan which suggest a Relationship Track so that strong relationships can be established and maintained with the customers.  
LITERATURE REVIEW  
Trust Vs Relationship Value  
Trust means the confidence of customers in supplier’s products and offers. For strong relationship this confidence need to be strengthen. Trust in relationships reduces the perceived risks that in turn create the strong relationship (Kingshott & Rexha, 2003). Trust in relationship marketing cannot be avoided. It actually reduces the perception of risk which further leads to strong relationship. Trust and relationship commitment are strongly related to each other. Supplier and buyer both try to reduce risk. Both have some mutual benefits to maintain relationship, the willingness of both parties for sacrifices and burden is the main factor for strong relationships (Zhao & Smith, 2006). Trust is the most important factors to influence the relationship (Wetzels, Ruyter & Birgelen, 1998).
Trust is important for strong and long term relationship in exchanges but trust is based on continuity in interaction and fulfillment of promises (Papadopoulou, Kanellis & Martakos, 2001). Trust is the final hope for strong relationship as proved by Anderson & Weitz, (1992) trust is considered as the last option to maintain the long term relationship. For strong trusted relationship between firms and distributors they need to adopt the cooperative goals strategy. The trust between customer and sales person have strong role in committed relationship than trust of customer and firm (Ganesan & Hess, 1997). Relationship is like a building and trust have positive role in creation, maintenance of this building as argued by Toops (2009) Trust is the basic block to create relationship with friends and business partners like marriages and friendships. Respect is the strong predictor of the trust in creating and maintaining strong relationship, without respect maintaining the trusting relationship is a difficult task (Lyons, 2005). Trust is an output of the service quality as proved by Cho & Hu (2009) that Service quality forces the trusts which further raise the willingness of customers to build strong relationship. The assessment process like risk and benefits analysis for trust building is important for long term trust building relationship (Hecker, Israel & Couturier, 1999). To be in competition in the market the brand must have high level of quality and create trust in the mind of customer. Firm must have customer oriented strategy in which their partner have complete knowledge of the strategy (Lawer, 2007). Creating trust based relationship requires the mutual agreement and intention from both sides like customers and firm, it also requires patience and determination (Drive, 2003). If firms lose their customers then it indicates that trust is absent. So to build and carry on the relationships need trust building. Building trust require care about respect and privacy of customers (Shenton, 2001). In the global and diverse culture the main factor of strong relationship is the trust. Firm need to conduct training programs to teach how to build trust in customers, employees and suppliers (Doney, Cannon & Mullen, 1998). When positive expectation meets the trust relationship created. Trust is an attitude not a type of option or behavior. (IRCO, 2000). Integrity in trust has the important role in the creation of long sustainable of trust relationship (Bell, Oppenheimer & Bastien, 2002). All types of trust have some meanings to create strong relationship. If one type of trust is positive and others are neutral than interpersonal trust will be positively related with virtual collaboration relationship performance (Paul & Jr, 2004). The interpersonal, personal and institutional types of Trust have strong role in internet based relationship with customer for a long period of time, Trust is a complex concept to conceptualize and practice it (McKnight & Chervany, 2002). Trust is the important element in relationship between vender and customers in the e-commerce environment. It was also found that trust generates an attitude and intention. Reputation is also a strong source of trust (Pennington, Wilcox & Grover, 2004). A customer always wants to established strong relationship with supplier in which he has some level of trust. Confidence in supplier is important for strong level of trust (Berry, 2002).

Trust has strong direct contact with the establishment and maintenance of relationship for a long period of time as mentioned in the previous literature. As discussed by (Mcknight & Chervany, 2002) Trust is a complex concept to conceptualize and practice it. It is also stated in literature that trust is an attitude and it also stated in consumer behavior literature that attitude change with respect of culture so trust would be different in various cultures. It changed with perceptions, culture, and destinations. Each culture has different meaning and practices for trust according to their values and customs. The findings of this study will support field of B2C Relationship. It was also found that very small portion of literature was found in the developing countries like Asian countries. All such gap in the literature shows the need for further study in developing nations and diversifies cultures. For such contribution in literature following hypothesis is developed on the basis of literature.

H1: Trust has significant & positive impact on the relationship value

Commitment Vs Relationship Value

In most of the businesses commitment plays crucial role in creating network or relationship with customers and suppliers (Wetzel, Ruyter & Bulgelen, 1998). Commitment is important part of long term relationship (Morgan & Hunt, 1994). Results suggest the committed behavior as dominant variable for relationship. Customers who are more involved shows committed behavior (Smith, Swinyard, 1982). The empirical result shows the business network in mutual commitment and creation of value (Holm, Eriksson, Johanson, 1999). As Kurdek (2008) suggested that committed relationships are created through personality traits, support by both sides. There are some elements that enforced commitment to create strong relationships. As Skarmeas, Kitsikaes & Schlegelmilch, (2002) proved that commitment plays important role in the business performance in international market by establishing strong international business. In the field of relationship marketing the success of relationship is based on trust and commitment between marketer and customers. By providing resources, maintaining standards about value, maintain communication, evaluating the performance and avoid unkind taking advantages from partners are the key drivers of developing committed and trust based relationship (Morgan and Hunt, 1994). Commitment keeps the customer on track. It actually encourages the repeat purchase by creating bias in process of information (Ahluwalia, Burnkrant,
Unnava, 2000). According to Kanter, (1968) commitment is an actor that plays with behavior ties the member, and engages the social systems with a firm for long term relationship. If commitment exist or developed with customer and supplier than relationship is maintained for long period of time (Lawler & Yoon, 1993). Commitment focus on internal control for the organization by reducing turnover rate, while increasing adoptability. It also identified that the perceived adoptability of employees were positively associated with commitment but the perceived adoptability of managers were not associated. (Angle & Perry, 1981). In America and Japan the commitment maximization is an array of the day for the industry (Lincoln & Kalleberg, 1996). Internal commitment by the firm with internal customers and external commitment with external customer both are crucial to maintain the relationship. Commitment to customers from the firm side help organization to fulfill the need of the customers by maintaining customer data in long term that will lead to strong relationship in competitive market (Siders, George, & Dharwadkar, 2001). As suggested by Scandura & Lankau, (1997) women are committed to an organization when gain satisfied condition for work. The influensive power greatly depend upon the commitment of subject for relationship, it’s a phenomena that practice in every social setting of the world for long term relationships (Johnson, 1973). According to the results derived by Johnson in (1973) the relationship in the social setting is solely based on process of commitment. It is practical everywhere in the world. In the situation of commitment the biasness about the firm or product create strong role in maintaining relationship (Steenhaut & Kenhove, 2005). The commitment is based on ethical behavior of the firm towards the customers. Un-ethical action will cause the weak relationship and loss of customer so ethical behavior from firm. The ethical expectation creates the satisfaction which further leads to future intentions (Igram, Skinner & Taylor, 2005). Commitment helps in retention of your customers for a long and sustainable period of time and satisfaction play the main role to create the commitment (Gustafsson, Johnson & Roos, 2005). The institutional relationship based on the intention or commitment of the client work as an agent for the firm, each client should have account of plan that will energize the relationship for long period of time (Sobel, 2009). As Toops, (2009) proved that commitment is building block for the strong relationship. The relationship may be between two friends, firms, firms and customers. Strong relationship is always created on the bases of common faith and commitment intention; respect is important than emotional feelings (Lyons, 2005). As proved by Steele (2006) Commitment is attitude that maintained through strong values which create strong relationship. It is also proved that commitment is build with respect of time, the difference between promise and commitment is to saying and doing something respectively. The committed relationship is based on the individual commitment among the partner of the relationship but continuity in interaction is important for committed relationships (Sharma, Young & Wilkinson, 2007). Affective commitment plays strong role in creating relationship, the decision about to stay in the relationship greatly depend on the commitment level (Ruyter, Moorman & Lemmink, 2001). Firm with high level of relationship with partner actually due to strong commitment, it encourage the intention of customer to maintain relationship with firm in future (Walter, Mueller, Helfert & Wilson, 2002).

Some of the characteristics of commitment are identified like mutual sharing and impression that is missing from previous literature. But further assessment of commitment is requiring (Frow, 2000). Communication from both sides strengthen the commitment which further leads to strong relationship of firm with buyer as Heikklä (2009) proved that two way communication is important to create strong relationship because expectation is generated by one way communication and fulfilled by the two way communication. As proved by Bollen & Emes (2008) Emotional attachment play role in creating strong relationship and such emotions create commitment and gain such shared commitment give the meaning to strong relationship. The attachment is shifting with respect to time because the balance of power is now in the hand of customers.

The extent literature proves that commitment plays important role in creating relationship. According to the social exchange theory perception and culture make the practices differences in different social settings. Our try is to fill the gap in the field of B2C. So this study is an effort to fulfill the gap of culture and B2C in such a developing country like Pakistan and put forward the following hypothesis on the basis of supported literature.

H2: Commitment has significant & positive impact on the relationship Value
THEORETICAL MODEL

METHODOLOGY

University students from twin cities of Pakistan Islamabad and Peshawar were selected as a population for this study. Both private and public universities were included in the sample from both cities. Sample size was selected on 95 % Confidence interval level with using online calculator. 380 questionnaires were filled from the respondent and all of the questionnaire data were included in the results compiling.

Instrument

Questionnaire for the study was based on all the variables of the model. The questionnaire was based on two main qualities like it was simple and easy to understand. It was divided into three parts. The first part was based on trust which was adapted from the study of Scheer & Steenkamp (1995) and Ganesan (1994) and consists of 3 items. The second part of the questionnaire consisted of 3 items which were the measurement of the second variable commitment and was adapted from the study of Anderson & Weitz (1992) as well as Ganesan (1994). 3rd part was the measure of Relationship value which was combination of 3 items and was adapted from Price & Arnould (1999). To judge the seriousness of respondent a reverse scored question was included. Scale for reverse questions was strongly disagree=5 to strongly agree=1. A part was included for general information about the respondent bio-data. All the items used for the variable measurement were combined into a single questionnaire in this study. The overall reliability for the instruments was recorded as (.860) which is higher than (.5). Five point likert scale was used to measure the response from strongly disagree=1 to strongly agree=5.

Product Category

The researcher selects the telecom industry for data collection from the respondent because of knowledge based customer. It was also considered that telecom industry has bulk of customers in the market in comparison to other industries. The main telecommunication companies have two types of products like pre-paid and post-paid. On the other side the customer knows the products with their company or firm name that’s why researcher selected the firm or company as a brand for analysis. All the items about the variables of the model were asked in the meaning of firm or company as a product.

First part measures the trust component which consists of 3 item. The scale for trust measurement was adapted from the study of Kumar, Scheer & Steenkamp (1995) and Ganesan (1994). These items were representative of the supplier qualities like honesty, competence etc. Five point likert scale was developed from strongly disagree=1 to strongly agree=5.

Second part of the questionnaire was based on commitment which consists of 3 items. The scale for measurement of commitment was adapted from the study of Anderson & Weitz (1992) as well as Ganesan (1994) studies; the items were the measure of all the facets of commitment. Each item was measure through five point likert scale from strongly disagree=1 to strongly agree=5.

Relationship value was the third component which was measured by 3 items. Price & Arnould (1999) developed a scale which is a strong determinant of the Relationship, this developed scale were adapted in the study to measure the Relationship. Strongly disagree=1 to strongly agree=5 scale were used to measure the items of Relationship.

Data Collection

Data of the study was collected through survey by using administered questionnaire. As the respondents from the representative population and sample have the ability and knowledge to understand and fill the questionnaire
RESULTS AND FINDINGS

The demographics of the respondents are given. Two categories of age were considered, the response rate from gender group like male was high with 66%. The female response was low up to 33%. The education level of the respondents was MBA, MS, and PHD with response rate of (63), (36) and 9% respectively. The response rate from five companies customers like U-Fone, Zong, Telenor, Mobilink and Warid were 47, 12.6, 12.9, 12.6, and 12.9% respectively.

Each item of the commitment recorded more than (3) mean value. The overall means and standard deviation was calculated as (Mean= 3.1578, SD=.82619). The results of all the items of commitment are consistent with literature of this study as Anderson & Weitz (1992) as well as Ganesan (1994).

Trust was measure through three items and all the items were recorded mean values greater than (3) which show the role of trust in relationship in this market. The overall means and standard deviation is as (Mean= 3.4855, SD=.89242). Findings are matching with existing literature like Kumar, Scheer & Steenkamp (1995) and Ganesan (1994).

The mean and standard deviation values for Relationship variable are as (Mean= 3.4855, SD=.79334), and per item mean is also greater than (3) which are similar to literature as Price & Arnould (1999) etc and are shown in the. The result of correlation for the First hypothesis of the study (Trust has positive impact on Relationship Value) was positive with a value of (.190) which shown in Table-1 It means that trust have positive significant relationship with the Relationship Value. It also shows that change in trust will cause change in the Relationship Value. The results for the trust and Relationship Value were the minimum value recorded among all the other results of hypothesis in this study. The results of correlations about trust and Relationship are similar to the previous studies of literature as Kumar, Scheer & Steenkamp (1995) and Ganesan (1994).

The 2nd hypothesis of this study was “Commitment of the firm has significant & positive impact on the Relationship Value” which were recorded significantly correlated with a positive value of (.415). The result shows a high degree correlation of commitment with the Relationship. It means that commitment play role in relationship among customer and firm. The correlation results for the commitment and Relationship value was highly significant and correlated than other hypothesis of this study. The result of the correlation about commitment was also recorded similar to the previous studies of the literature as Anderson & Weitz (1992) as well as Ganesan (1994) and etc. First Hypothesis is proved with the positive and significant results of correlation.

The first hypothesis (Trust has positive impact on Relationship value) was about trust and Relationship value. Correlation results already proved the positive relationship between the two variables like trust and Relationship value. The significance level of the regression for this hypothesis was (.411)>.05 which is non-significant. The R² value was (.036) which is positive. It means that trust is contributing about 3% in overall Relationship. The t and beta values were (1.47) (.073) respectively. Findings are not similar to the literature like Kumar, Scheer & Steenkamp (1995) and Ganesan (1994). All the results of regression measures for this hypothesis does not support the (Trust has positive impact on Relationship value) so second hypothesis is rejected.

The second hypothesis developed through the literature was (Commitment of the firm has significant & positive impact on the Relationship value) which already proved with the correlation analysis in the previous portion of this research study. Correlation was about the relationship among the variables but regression find out the impact of one variable on other. So the regression result for the first hypothesis was highly significant. The R² value of the first hypothesis was (.172) which shows that 17% of total of Relationship is due to commitment. The t value for this hypothesis was (6.488) greater than 1.96 which is also significant. The beta value (.338) is positive and significant. The recorded F value (73.720) for this hypothesis was very highly significant. Results are similar with the most of the literature of this study related to commitment like Anderson & Weitz (1992) as well as Ganesan (1994). All the values of regression about first hypothesis are positive and significant so on the basis of all positive and significant
regression values the first hypothesis (Commitment has significant & positive impact on the Relationship value) is proved and accepted.

**DISCUSSION**

Two hypotheses were developed in this study to provide a relationship track for the developing country like Pakistan.

H<sub>1</sub>: Trust has significant & positive impact on the relationship value. All results do not support the hypothesis about trust and Relationship. Trust is one of the non-significant variables that not impacting on relationship of firm with customer in developing country like Pakistan. Among all the independent variables of this study, trust is the single variable that non-significant on the relationship of firm with customers.

H<sub>2</sub>: Commitment of the firm has significant & positive impact on the Relationship value. Hypothesis H<sub>2</sub> is supported by all the values of means, correlation and regression of this study. It means that commitment of the firm is positively and significantly related and impacted on the relationship. All the items are positive and significantly support this hypothesis. Commitment found to be one of the strongest predictor of relationship with customer in this study. Commitment is strongly impacting with strong contribution rate on the relationship with customers in the market of Pakistan. It means that commitment plays strong role in the relationship between customer and firm in Pakistan. These results about commitment are consistent with the previous literature results and findings of Anderson & Weitz (1992) as well as Ganesan (1994) and etc. Firms in Pakistan can use strategies to increase the relationship with customers.

**CONCLUDING REMARKS**

This study has some special contribution in the relationship literature. The findings of this research study provide a relationship Track to the firms to establish and maintain strong and profitable relationship with customers in developing countries like Pakistan. The special characteristic of this study is that it is the first study in Pakistan that provides a relationship track for the firm and customer relationship.

The second finding of the study is that all the independent variable in this study was significant and positive except H<sub>1</sub>: Trust has significant & positive impact on the relationship value. But commitment is the strongest predictor of the relationship between firm and customer in Pakistan.

The last finding of this study is that commitment strongly influences the Relationship in consumer markets of developing countries like Pakistan. The entire hypotheses were positive and highly significant except H<sub>1</sub>: Trust has significant & positive impact on the relationship value.

**FUTURE RESEARCH DIRECTION**

On the basis of limitation of the study and of Pakistani on the need of the market some future direction for research are given in this portion.

- Future research studies must be conducted related to relationship marketing in the other field of businesses like Banking and Hospitality.

- Future research must be generalized with large population and sample size to other cities of Pakistan and other developing countries of the world.

- In future research some other components of the relationship like cooperation etc can be included to extend the present proved track in this study.

- Commitment must be included and measured as a mediator between trust and Relationship value in the future research studies.
References


Frow, Penelope. (n.d.). the meaning of commitment in professional service relationships: issues in relating theory to practice. Cranfield University, 1-19.


Annexure

**Table (1): Correlation Analysis \((N = 380)\)**

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<thead>
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<tr>
<td>Relationship Value</td>
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<td>Significance(2-tailed)</td>
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a. Pearson correlations

**Table (2): \(R^2\) Values of Regression Analysis \((N = 380)\)**

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<th>(R^2) Square</th>
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<td>.172</td>
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Dependent Variable: Relationship value