

Antecedents and Consequences of Trust and Commitment in B2B Relationship: A Review of Literature

Partha P. Chowdhury

Abstract

Literature on relationship marketing suggests trust and commitment as two key drivers for developing effective long-term relationship but surprisingly a comprehensive model detailing all major antecedents and consequences of trust and commitment is not available in the current body of knowledge. This study tries to fill this gap in literature by integrating the antecedents and consequences of trust and commitment. The study is based on review of literature on trust, commitment, business to business (B2B) relationship, relationship marketing in the time period from 1987 to 2011. It argues the importance of trust and commitment as the key drivers of long-term relationship and suggests that business managers need to develop high levels of trust and commitment for developing long-term relationship for achieving sustainable competitive advantage.

Keywords: Trust, Commitment, B2B relationship.

1. Introduction and Background

Relationship marketing has been called a 'new paradigm' (Gronroos, 1994) within marketing discipline and is highly effective for understanding the needs and requirements of the market. Developing and maintaining successful long-term relationship in business-to-business exchanges is very important for any manufacturer/supplier, for creating sustainable competitive advantage. Management researchers have discussed inter-organisational relationship in terms of four perspectives. These are commitment-trust; dependence; transaction cost economics; and relational norms (Palmatier et al., 2007). Morgan and Hunt (1994) suggested that commitment and trust, not power or dependence, are the key focal constructs for understanding B2B relationship performance.

Further Morgan and Hunt suggested that commitment is the critical precursor in order to improve financial performance whereas commitment and trust are both important for building strong relationships and are "key" to promoting efficiency, productivity, and effectiveness in B2B exchanges. Palmatier et al. (2007) suggested that commitment and trust have direct and positive effects on financial and relational outcomes.

Trust plays a basic role in developing and maintaining successful B2B relationship (Kingshott, 2006; Narayandas and Rangan 2004; cited by Lohtia et al., 2009). The study of Ling-ye (2007) suggested that commitment is important for performance in long-term relational exchanges. Given the importance of trust and commitment, the present study focuses on identifying their antecedents and consequences in the context of B2B relationship.

2. Rationale and Objective of the Study

In the changing, chaotic, unstable and highly competitive global marketplace (Trout and Ries, 1972; Hamel and Prahalad, 1989; Hamel, 1996; Day and Montgomery, 1999; Porter, 1996) the importance of ongoing relationships between marketing channels is widely recognized (Denize and Young, 2007).

Researchers have recognized several critical success factors for developing and maintaining relationship in an exchange context (Seppanen et al., 2007). The study on B2B relationship pointed out that it is difficult and costly to duplicate long-term, committed, trusting, value-creating associations with the exchange partners. Hence firms in the chaotic marketplace could use B2B relationship as a differentiator in order to gain sustainable competitive advantage (Ulaga and Eggert, 2006).

The focus of the marketing practitioners now is not only to generate sales but to develop and maintain a long-term relationship with the exchange partner (Gounaris, 2005). A key objective of relationship marketing is to identify the key drivers of the relationship and their outcomes (Hennig-Thurau et al., 2002). Trust has been conceptualised both as a feature or aspect of relationship quality and as a determinant of relationship quality (Moorman et al., 1992, 1993; Anderson and Narus, 1984, 1990). Relationship commitment is a vital element of effective long-term B2B relationship (Gundlach et al., 1995). The contribution of trust and commitment for developing effective long-term relationship is widely recognized (Anderson and Narus, 1984, 1990; Dwyer et al., 1987; Anderson and Weitz, 1989, 1992; Moorman et al., 1992, 93; Morgan and Hunt, 1994; Ganesan, 1994; Gounaris, 2005; Svensson, 2005; Palmatier et al., 2006, 2007; Laaksonen et al., 2008; Frاسquet et al., 2008).

It seen that there is a mounting literature on B2B relationship, trust and commitment.

Some researches focused on dimensions of trust only; some focused on commitment; some focused on a few drivers of trust or commitment; some focused on one, two or a few specific outcomes of trust or commitment. But a limited number of researches/literature reviews were conducted to identify all the possible key antecedents and consequences of trust and commitment. The purpose of this study is to address this gap in literature by identifying the key antecedents and consequences of trust and commitment in B2B relationship.

3. Methodology and Structure of the Study

As per the objective of the study, with a view to identify the antecedents and consequences of trust and commitment in B2B relationship, prior empirical studies, which are relevant to trust and commitment, B2B relationship and relationship marketing, that were published between the years 1987 to 2011 are reviewed. Based on the review a conceptual model has been developed. Finally, in the discussion section managerial implications, limitations and suggestions for future research are discussed.

4. Literature Review

4.1 Trust, Commitment and Relationship between Trust and Commitment

4.1.1 Trust: The foundation for research on trust in an exchange context was started during late 80's and early 90's (e.g. Dwyer et al., 1987; Anderson and Narus, 1990; Moorman et al., 1992; Morgan and Hunt, 1994; McAllister, 1995), but researchers used different concepts and indicators for measuring trust (Morgan and Hunt, 1994). The dimensions used to measure or define trust are benevolence and credibility (e.g. Zand, 1972; Ganesan, 1994; Doney and Canon, 1997); integrity (e.g. Zand, 1972; Morgan and Hunt, 1994; Kenning, 2002, 2008); reliability (e.g. Morgan and Hunt, 1994; Zaheer et al., 1998; Svensson, 2005); predictability, fairness (e.g. Zaheer et al., 1998); honesty, competence, goodwill, constancy (e.g. Kenning, 2002, 2008). Ganesan (1994) defined trust as the willingness to rely on a partner engaged in the exchange in which one has confidence. Zaheer et al., (1998) defined trust as - 'Expectation that an actor can be relied on to fulfil obligations, will behave in a predictable manner and will act fairly when the possibility for opportunism is present'. Trust is defined as a belief by one partner in a relationship exchange that the other partner will not act against their interests, where this belief is held without undue doubt or suspicion and in the absence of detailed information about the actions of the other partner (Laaksonen et al., 2008).

4.1.2 Commitment: Commitment is defined as a desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, a confidence in the stability of the relationship, and investments in the relationship (e.g. Dwyer et al., 1987; Anderson and Weitz, 1992; Gounaris, 2005; Stanko et al., 2007). Commitment is defined as the belief of a firm in a dyadic exchange that the existing relationship with another firm is very important and hence it deserves maximum efforts to maintain it for long-term period (e.g. Moorman et al., 1992; Morgan and Hunt, 1994).

4.1.3 Relationship between trust and commitment: The literature on B2B relationship has given a strong emphasis on developing commitment through trust.

The parties engaged in a trusted relationship evaluate the relationship as highly valued and are willing to commit themselves to such relationships. Morgan and Hunt (1994) suggested that commitment entails vulnerability and hence firms will commit only to trustworthy partners. In order to develop commitment, the buyer should have belief that the seller does not have any negative intentions and its present and/or past experiences are believed to be a strong predictor of future intentions. Moreover the firm should believe that the partner firm will act with credibility and benevolence in future exchanges as well (Sindhav and Lusch, 2008). The study (e.g. Moorman et al., 1992; Morgan and Hunt, 1994; Gounaris, 2005; Palmatier et al., 2007; Frassetto et al., 2008) suggested that trust is an antecedent of commitment, as when a company perceives its partner is trustworthy, it will be willing to commit to the relationship.

4.2 Antecedents of Trust and Commitment

The study on B2B relationship suggested that key antecedents of trust are interdependence, shared values, relational norm, relationship specific investment (RSIs), seller expertise, communication, opportunism, market orientation and bonding strategies whereas the antecedents of commitment are company reputation, cultural sensitivity, relationship benefits, relationship termination costs, interdependence, emotional intensity, shared values, relational norm, relationship specific investment (RSIs), bonding strategies and seller expertise.

4.2.1 Shared values: Exchange partners' common belief about what behaviours, goals and policies are important or unimportant, appropriate or inappropriate, right or wrong (Morgan and Hunt, 1994) is termed as shared values. To define shared values, Heide and John (1992) used the term 'appropriate actions'. Shared values are relational contracts that work in the exploration phase of relationship development and act as guidelines for future exchange (Dwyer et al., 1987).

When exchange partners share common goals, they are capable of allocating roles between themselves in case of any functional necessities (Fox, 1974; cited by Dwyer et al., 1987). People's attitudes and behaviours are the

outcomes of having the same values as another person or group which is also termed as 'internalization' (Kelman, 1961; cited by Morgan and Hunt 1994). Hence shared values are valuable precursors of both trust and commitment (Dwyer et al., 1987; Morgan and Hunt, 1994).

4.2.2 Communication: Communication is defined as the formal and/or informal sharing of meaningful and timely information (Anderson and Narus, 1984, 1990), amount, frequency, and quality of information (Palmatier et al., 2006) between organisations engaged. Mohr and Nevin (1990; cited by Morgan and Hunt, 1994) described communication as a glue holding the firms together. Morgan and Hunt (1994) pointed out that past communication is a precursor of trust, which in turn develops better communication. Collaborative communication develops identification, which in turn develops trust (Sindhav and Lusch, 2008). The study of Moorman et al. (1993) pointed out that timely communication resolves disputes and aligns perceptions and expectations and thereby expedites trust. Communication develops confidence and hence trust as confidence is one dimension of trust (Anderson and Weitz, 1989, 1992; Anderson and Narus, 90; Dwyer et al., 1987). Information sharing develops relationship learning which in turn develops commitment (Ling-Yee, 2007).

Research has consistently found that communication is directly and positively linked to trust (Mohr and Nevin 1990; cited by Moorman et al., 1993; Anderson and Weitz, 1989; Anderson and Narus, 90; Morgan and Hunt, 1994; Doney and Cannon, 1997; Sindhav and Lusch, 2008), has strong positive effect on both trust and commitment (Palmatier et al, 2006), not very significant for building commitment (Palmatier et al., 2007; Anderson and Weitz, 1992). Relational exchange develops trust (Macneil, 1980; cited by Sheng et al., 2005). Studies have highlighted that trust could be developed by personal relations in the exchange. Both instrumental communication (i.e., transfer of information about current and future tasks) and social communications are positively and directly related with interpersonal trust. Quality interaction, which share more strategic insights or provides more information

and better direction, has strong and significant relationship with trust (Moorman et al., 1993).

4.2.3 Opportunism: Firms in a relationship, sometimes take a course of action that is not only self-serving, but also harmful to the partner firm. Such behaviour is called opportunism in B2B relations (Hawkins et al., 2009). Opportunity is defined as 'making false or empty, that is, self-disbelieved, threats and promises in the expectation that individual advantage will thereby be realized' (Williamson, 1975, p-26) and as 'self-interest seeking with guile' (Williamson, 1985, p- 30,47); aggressive selfishness and disregard for the impact of the firm's actions on partner firms (Lai, et al., 2009). Opportunity consists of activities like stealing, cheating, breach of contract, dishonesty, distorting data, obfuscating issues, confusing transactions, false threats and promises, cutting corners, cover ups, disguising attributes or preferences, withholding information, deception, and misrepresentation.

Opportunism, which plays a key role in the exchange process, is not ubiquitous but not unusual (Morgan and Hunt, 1994; Hawkins et al., 2008). Buyer firm that perceives the seller taking advantage of its exchange partner whenever the opportunity comes is likely to consider seeking alternative supply sources in order to dissolving, rather than expanding, the existing relationship (Skarmeas, 2006). Dwyer et al., (1987) suggested opportunism as an explanatory variable to measure trust. The study of opportunism suggested that opportunism has negative relationship with trust (Morgan and Hunt, 1994; Smith and Barclay, 1997).

4.2.4 Relationship specific investment (RSIs): The idiosyncratic investment of exchange partners for a specific business relationship, which is irrecoverable, is termed as Relationship-specific investments (Ganesan, 1994; Anderson and Weitz, 1992). Buying firms trust selling firms that invest in that specific relationship (Palmatier et al., 2006; Palmatier et al., 2007) as seller RSIs send positive signal to the customer that by providing tangible evidence the supplier is 'believed' and 'cares' about the relationship (Ganesan, 1994). Premise that buyer's RSIs are not significantly related to commitment (Palmatier et al., 2007) is not in line with

the findings of the study of Skarmeas et al. (2002) that buyer's RSIs are positively and strongly linked with the buyer commitment to the relationship.

Idiosyncratic investments are very difficult to be transferred (Heide and John, 1988; Skarmeas et al., 2002) and have little salvage value in another exchange context (Williamson, 1981; cited by Ganesan, 1994) and hence switching cost is high; so when a party in an exchange relationship employs RSIs then the party shows commitment to the exchange relationship and the other party shows greater confidence in that party (Anderson and Weitz, 1992). An exchange partner's RSIs create barriers to exit (Anderson and Weitz, 1989, 1992; Ganesan, 1994) the existing relationship with the other partner and make the investor more dependent and hence committed on the other partner (Ganesan, 1994). RSIs create a locked-in condition (Heide, 1994; cited by Skarmeas et al., 2002). Hence relationship specific investment is a valuable precursor of both trust and commitment.

4.2.5 Relational norm: Macneil (1980; cited by Gundlach et al., 1995) defined relational norms as 'shared expectations regarding behaviour' and relational norms are displayed in an exchange context when both partners look intently at bilaterally committed strategies, goals and longer-term orientation. Relational norms, which contribute to exchange partners' strategic ability to develop long-term, committed, trusting, value-creating associations that are difficult and costly to imitate, have direct positive impact on exchange performance (Cannon et al., 2000). The study of Palmatier et al. (2007) pointed out that fair play is assured by relational norms which in turn encourage exchange partners for Relative Specific Investment (RSIs) even by sacrificing return in the short run and relational norms have direct and significant effects on all exchange outcomes and relational norms' effects on outcomes are fully mediated in the commitment-trust perspective. The study of Gundlach et al. (1995) pointed out that relational norms generate social safeguards which promote more commitment.

4.2.6 Seller expertise: Seller expertise is defined as knowledge, experience, and overall competency of seller (Palmatier et al., 2006). Skills and knowledge are the

basic units of exchange and are highly important value creating attributes (Vargo and Lusch, 2004; Palmatier et al., 2006) have direct and positive effect in developing both trust and commitment in exchange relationship (Palmatier et al., 2006). When customers want to be involved with a competent seller, more value is gained and hence the exchange partners provide more effort to develop and maintain the relationship (Crosby et al., 1990; Palmatier et al., 2006). Hence the study suggested that seller expertise has strong association with building both trust and commitment (Palmatier et al., 2006).

4.2.7 Company reputation: Channel members can receive their counterpart's level of commitment by observing their history in other exchange relationship. Manufacturers develop reputation for fairness by showing their concerns and by making sacrifices for their channel members (Anderson and Weitz, 1992). Company builds reputation for fairness over time by providing reliable and consistent behaviour and as this reputation for fairness is linked with firm's credibility, which is a major dimension of trust. Hence trust is developed but the relationship is not very significant (Ganesan, 1994) and the relationship between Company/seller reputation and distributor's commitment is strongly significant (Anderson and Weitz, 1992).

4.2.8 Market orientation: Market orientation consists of customer orientation, competitor orientation, and cross-functional coordination where customer orientation measures the degree to which firms satisfy their target customers; competitor orientation measures the degree to which firms understand their competitors' behaviour, while cross-functional coordination measures the degree to which firms integrate the resource to create value for customers (Kohli and Jaworski, 1990; Lai et al., 2009).

Studies (Lai et al., 2009; Lohtia et al., 2009; Bolton et al., 2008; Frassetto et al., 2008; Chung et al., 2007; Penttinen and Palmer, 2007; Ulaga and Eggert, 2006; Gounaris, 2005) have suggested that the variables that impact market orientation are product/service quality product differentiation, product modification, complete offerings, after-sale service and price. Faisal et al. (2006)

focused on customer sensitivity to satisfy the demand for customised products and services with quicker delivery time and fast response to sudden changes in terms of order quantity and specifications.

In order to meet specific requirements of any market selling, the firm might need to go for idiosyncratic investments for specialised equipment or adaptation of production process. Because of this idiosyncratic investments, seller firms do not engage in opportunism as this type of behaviour threatens the long-term relationship (Williamson, 1985) and the value of these idiosyncratic investments could be reduced by a substantial amount if relationship is not continued (Anderson and Weitz, 1992). Seller with idiosyncratic investments can be believed as caring and willing to make sacrifices (Ganesan, 1994) and willing to cooperate (Doney and Canon, 1997). Hence buyer will perceive a seller firm more trustworthy if the firm is market oriented.

4.2.9 Bonding strategies: Trust as behaviour reflects a reliance on an exchange partner which involves vulnerability and uncertainty (Coleman, 1990; cited by Moorman et al., 1993) and hence some guarantees are required to develop trust (Gounaris, 2005). Bonding strategies are critical in order to reduce the uncertainties of the consequences of relationship exchange (Cross and Smith, 1996, p. 54; cited by Gounaris, 2005). Bonds are classified as structural and social bonds (Wilson and Mummalaneni, 1986; cited by Gounaris, 2005). Structural bonds are corporate level ties (Gounaris, 2005) resulting from economic, technical, time-based, knowledge or other similar reasons (Paliwoda and Thomson, 1988; cited by Gounaris, 2005) whereas social bonds are the inevitable by-product of any business exchange (Wilson, 1990; cited by Gounaris, 2005) which includes feelings of likeness, acceptance, friendship, social interactivity, etc. (Gounaris, 2005). The relationship between contact persons of firms enhances communication and information exchange and hence is important (Wilson & Mummalaneni, 1986; cited by Gounaris, 2005). Gounaris (2005) pointed out that bonding strategies have positive effect on developing trust.

4.2.10 Relationship termination costs: Relationship termination costs are defined as all expected losses from termination of any relationship, which might be due to the perceived lack of comparable potential alternative partners, relationship dissolution expenses, and/or switching costs (Morgan and Hunt, 1994). This relationship termination costs are an important precursor for commitment as high termination costs lead to generate more commitment towards a relationship (Dwyer et al., 1987; Morgan and Hunt, 1994).

4.2.11 Relationship benefits: Relationship benefits are characterised by benefits received, including time saving, convenience, companionship and improved decision making (Palmatier et al., 2006). In this chaotic marketplace (Trout and Ries, 1972) marketers are always willing to acquire superior products in order to add values to their own offerings and hence the buyers will be trying to develop and maintain long term relationship with the supplier giving more benefits; so relationship benefits have strong positive impact on commitment (Morgan and Hunt, 1994; Palmatier et al., 2006).

4.2.12 Interdependence: B2B relationship and hence performance is determined by the exchange dependence structure (Bucklin and Sengupta, 1993; Hibbard, Kumar, and Stern 2001; cited by Palmatier et al., 2007). Palmatier et al. (2007) suggested that partners' interdependence usually affects performance positively because partners work to maintain their relationship and avoid destructive actions, whereas dependence asymmetry undermines the relationship through fewer structural barriers to the use of coercive power. The study of Herná ndez-Espallardo and Arcas-Lario (2008) suggested that high dependence on the source affects negatively the impact of both outcome-based control and behaviour-based control on the relationship's contribution to the target's performance where a target is highly dependent on the source when equivalent (or better) alternative trading partners are scarce or simply unavailable, locking the target into its relationship with the source (Anderson and Narus, 1990).

Chung et al. (2007) suggested that buyers' dependence on the supplier has a positive influence on the economic

satisfaction of the buyers. The consequences of dependence change in the case of the context and are not always certain to occur (Morgan and Hunt, 1994). As Interdependence has positive effect on exchange partners' relationship specific investment (RSI) and as interdependence reduce opportunism, interdependence is directly and positively associated with both trust and commitment (Palmatier et al., 2006; Palmatier et al., 2007; Laaksonen et al., 2008).

4.2.13 Emotional intensity: Emotional intensity is defined as 'the degree to which partners have feelings for each other beyond the economic transaction' (Stanko et al., 2007). Gilliland and Bello (2002) suggested that emotional intensity is positively associated with the use of social contracts for governing relationships and the key of these social contracts is the development of deep-rooted norms for honesty, fairness and equity. Emotional attachment has strong effect on member participation, co-production and extra role behaviours (Gruen et al., 2000; MacKenzie et al., 1998; cited by Stanko et al., 2007) and emotionally attached members give something of themselves for the benefit of the organisations and the relationship between emotional intensity and commitment is highly significant (Stanko et al., 2007).

4.2.14 Cultural sensitivity: Beugelsdijk et al. (2009) suggested that organisational differences along with cultural differences have a stronger role during the early stage of business relationship due to lack of personal experience to evaluate trustworthiness. In case of international business, relationship between exchange partners depends on how the both parties take initiatives to dissolve issues regarding cultural differences. Day (1999, cited by Skarmeas et al., 2002) suggested that exporting firms should develop market driven strategies so that specific needs and requirements of customers can be served. Skarmeas et al. (2002) pointed out that importer's commitment is related to the foreign partner's understanding of the business culture. Moreover a local partner/importer is more willing to commit if its foreign counter-part offers its product offerings as per the requirements of the local market only.

Table 1: Key Antecedents of Trust

Antecedents	Direction of Relationships with Trust	Source
Shared values	Positive	Dwyer et al., 1987; Heide and John, 1992; Morgan and Hunt, 1994.
Communication	Positive	Anderson and Weitz, 1989, 92; Anderson and Narus, 1990; Moorman et al., 1993; Morgan and Hunt, 1994; Doney and Canon, 1997; Palmatier et al., 2006; Sindhav and Lusch, 2008.
Opportunism	Negative	Williamson, 1975; Williamson, 1985; Dwyer et al., 1987; Morgan and Hunt, 1994; Smith and Barclay, 1997; Skarmeas et al., 2002; Skarmeas, 2006; Hawkins et al., 2008; Hawkins et al., 2009; Lai et al., 2009.
Market orientation	Positive	Anderson and Weitz, 1992; Ganesan, 1994; Doney and Canon, 1997; Gounaris, 2005; Ulaga and Eggert, 2006; Faisal et al., 2006; Chung et al., 2007; Penttinen and Palmer, 2007; Bolton et al., 2008; Frassetto et al., 2008; Lohtia et al., 2009; Lai et al., 2009.
Relationship specific investment (RSIs)	Positive	Anderson and Weitz, 1989, 92; Ganesan, 1994; Skarmeas et al., 2002; Palmatier et al., 2006; Palmatier et al., 2007.
Relational norm	Positive	Gundlach et al., 1995; Cannon et al., 2000; Palmatier et al., 2007.
Seller expertise	Positive	Crosby et al., 1990; Vargo and Lusch, 2004; Palmatier et al., 2006.
Bonding strategies	Positive	Moorman et al., 1993; Gounaris, 2005.
Interdependence	Positive	Anderson and Narus, 1990; Morgan and Hunt, 1994; Palmatier et al., 2006; Chung et al., 2007; Palmatier et al., 2007; Laaksonen et al., 2008; Herná ndez-Espallardo and Arcas-Lario, 2008.

Table 2: Key Antecedents of Commitment

Antecedents	Direction of Relationships with Commitment	Source
Trust	Positive	Moorman et al., 1992; Morgan and Hunt, 1994; Gounaris, 2005; Palmatier et al., 2007; Frassetto et al., 2008.
Shared values	Positive	Dwyer et al., 1987; Heide and John, 1992; Morgan and Hunt, 1994.
Relationship specific investment (RSIs)	Positive	Anderson and Weitz, 1989, 92; Ganesan, 1994; Skarmeas et al., 2002; Palmatier et al., 2006.
Relational norm	Positive	Gundlach et al., 1995; Cannon et al., 2000; Palmatier et al., 2007.
Seller Expertise	Positive	Crosby et al., 1990; Vargo and Lusch, 2004; Palmatier et al., 2006.
Company reputation	Positive	Anderson and Weitz, 1992; Ganesan, 1994.
Relationship Termination Costs	Positive	Dwyer et al., 1987; Morgan and Hunt, 1994.
Relationship Benefits	Positive	Morgan and Hunt, 1994; Palmatier et al., 2006.
Interdependence	Positive	Anderson and Narus, 1990; Morgan and Hunt, 1994; Palmatier et al., 2006; Chung et al., 2007; Palmatier et al., 2007; Laaksonen et al., 2008; Herná ndez-Espallardo and Arcas-Lario, 2008.
Emotional Intensity	Positive	Stanko et al., 2007; Gilliland and Bello, 2002.
Cultural Sensitivity	Positive	Beugelsdijk et al., 2009; Skarmeas et al., 2002.
Bonding strategies	Positive	Moorman et al., 1993; Gounaris, 2005.

4.3 Consequences of Trust and Commitment

The study on B2B relationship pointed out that the key outcomes of trust are cooperation, conflict, loyalty, word of mouth, uncertainty whereas the outcomes of commitment are expectation of continuity, acquiescence, relationship performance, cooperation, conflict, loyalty, word of mouth and coordination.

4.3.1 Conflict: Conflict is defined as overall level of disagreement between exchange partners (Palmatier et al., 2006; Dwyer et al., 1987). Anderson and Narus (1984, 1990) described trust as a determinant of functionality of conflict and pointed out that the relationship between trust and conflict is strong and negative. Interorganizational Trust develops confidence between two exchange partners, which in turn helps them to be open with each other because they know that no party will use information shared against the other party and this openness in turn reduces conflict (Zaheer et al., 1998). Conflict is increased by lack of confidence on the exchange partner's for long-term orientation (Anderson and Weitz, 1992). Confidence is a major dimension of trust. Hence conflict is influenced by both commitment and trust (Palmatier et al., 2007) and could be managed by trust (Creed and Miles, 1996).

4.3.2 Cooperation: Cooperation is defined as the situations in which exchange partners work together in order to accomplish common goals (Anderson and Narus, 1990), coordinated and complementary actions between exchange partners to achieve mutual goals (Palmatier et al., 2006). Morgan and Hunt (1994) defined cooperation as the situation where exchange partners work together in order to achieve mutual goals. Whenever one party exchanges something with its exchange partner, the first party must have sufficient trust on the second party or in the relationship to wait for receiving future reciprocation (Palmatier et al., 2006).

Anderson and Narus (1984, 1990) described trust as a determinant of cooperation. Cooperation is proactive and promotes relationship marketing success (Morgan and Hunt, 1994) and is the only outcome which is influenced by both commitment and trust (Palmatier et al., 2007; Morgan and Hunt, 1994; Anderson and Narus, 1990).

4.3.3 Loyalty: The study suggests that customer loyalty has been operationalised differently by the researchers. Oliver (1997) defined loyalty as '... a deeply held commitment to re-buy or repatronise a preferred product consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviours'. Loyalty is defined as composite or multidimensional construct combining different groupings of intentions, attitudes, and seller performance indicators, and hence is influenced by both commitment and trust (Palmatier et al., 2006). Specific trust influences positively buying behaviour like repeat purchase (Kenning, 2008). Gounaris (2005) pointed out that commitment has strong positive association with customer retention. Trust develops satisfaction (Anderson & Narus, 1990) which in turn develops loyalty (Lewin, 2009; Helgesen, 2006; Joseph et al., 2005; Bloemer and Ruyter, 1999). Commitment develops loyalty (Pritchard, et al., 1999; cited by Hennig-Thurau et al., 2002).

4.3.4 Word of mouth: Word of mouth is described as viral marketing (Macmillan et al., 1997) and is defined as likelihood of a buyer positively referring the seller to another potential buyer (Palmatier et al., 2006). Whenever a party/buyer has trust on a firm then the party will be committed to the other party and will spread positive word of mouth about the exchange partner. Hence word of mouth is influenced by both trust and commitment (Palmatier et al., 2006); commitment (Hennig-Thurau et al., 2002).

4.3.5 Acquiescence: Morgan and Hunt (1994) defined acquiescence as the degree to which a firm accepts to exchange partner's requests and policies. If the party is committed to any relationship, then that party will accept partner's request, otherwise will reject. Acquiescence is influenced by the relationship commitment, not by trust directly (Morgan and Hunt, 1994; Kumar et al., 1992).

4.3.6 Expectation of continuity: Expectation of continuity is defined as firm's willingness to maintain the relationship in the future, which captures the likelihood of continued purchases from the seller firm ((Palmatier et al., 2006). It is the opposite of the propensity to leave

which is defined as the perceived likelihood that a firm will terminate the relationship in the short future (Bluedorn, 1982; cited by Morgan and Hunt, 1994). Commitment generates buyer's willingness to maintain a valued relationship and hence is positively related (Morgan and Hunt, 1994; Palmatier et al., 2006).

4.3.7 Relationship performance: Relationship performance is characterised by actual seller performance enhancements including sales, share of wallet, profit performance, and other measurable changes to the seller's business (Palmatier et al., 2006). Trust develops collaborative innovation (Miles et al., 2000). Palmatier et al. (2007) pointed out that the effect of commitment on sales growth and overall financial performance is strong but direct impact of trust on sales growth and overall financial performance is not significant. Though the study of Beugelsdijk et al. (2009) suggested that relationship performance is related with trust, most researchers pointed out that relationship performance has positive relation with commitment not with trust (Palmatier et al., 2006; Palmatier et al., 2007; Skarmeas et al., 2002).

4.3.8 Uncertainty: Achrol & Stern (1988; cited by Morgan and Hunt, 1994) pointed out that if any party has enough information to take any decision, can foresee the outcomes of the decisions and has confidence in those decisions, then there will be no uncertainty. Uncertainty is related to necessary information for making any decision, consequences and confidence of that decision, which could be reduced by developing trust (Morgan and Hunt, 1994; Moorman et al., 1993).

4.3.9 Coordination: Coordination between two exchange partners is output of interest (Sindhav and Lusch, 2008). There are four components of coordination: to identify goals, to map activities to goals, to map activities to the relevant person (actor) and to manage interdependencies (Zalesny et al., 1995; cited by Sindhav and Lusch, 2008). Committed parties do not think about short-term gains but are more willing to cooperate with their exchange partner. The study of Sindhav and Lusch (2008) suggested that buyer's/retailer's trust on seller/supplier develops buyer's commitment to supplier which in turn develops buyer's coordination with supplier. (Table 3)

5. Discussions and Managerial Implications

The purpose of the study was to highlight the antecedents and consequences of trust and commitment in B2B relationship. The important role of trust and commitment for developing and maintaining long-term relationship with the exchange partners is universally recognized. This literature review suggests that key antecedents of trust are interdependence (positive), shared values (positive), relational norm (positive), relationship specific investment (RSIs) (positive), seller expertise (positive), communication (positive), opportunism (negative), market orientation (positive) and bonding strategies (positive). The major antecedents of commitment are company reputation (positive), cultural sensitivity (positive), relationship benefits (positive), relationship termination costs (positive), interdependence (positive), emotional intensity (positive), shared values (positive), relational norm (positive), relationship specific investment (RSIs) (positive), and seller expertise (positive).

The key outcomes of trust are cooperation (positive), conflict (negative), loyalty (positive), word of mouth (positive), uncertainty (negative), whereas the outcomes of commitment are expectation of continuity (positive), acquiescence (positive), relationship performance (positive), cooperation (positive), conflict (negative), loyalty (positive), word of mouth (positive) and coordination (positive).

It is increasingly believed, as mentioned earlier, that the marketing practitioners' prime objective is not only to generate sales now but also to develop and maintain a long-term relationship with the exchange partner (Gounaris, 2005). The present study provides a comprehensive understanding of the antecedents and consequences of trust and commitment that need to be focused towards developing and maintaining effective long-term relationship in an exchange context.

- Develop trust and commitment for long-term relationship.
- Develop trust to achieve higher levels of cooperation, loyalty, word of mouth, and lower levels of uncertainty and conflict.

Table 3: Relevant Key Findings Regarding Consequences of Trust

Author	Relationship	Relevant Key Findings
Anderson and Narus (1990)	Trust - Co-operation, Trust - Conflict, Trust - Satisfaction	The association of trust with co-operation (+), conflict (-), and satisfaction (+) is significant.
Moorman et al. (1992)	Trust -Commitment, Trust -Relationship	Positive association between trust & commitment is strong but direct association between trust and relationship is weak.
Morgan and Hunt (1994)	Trust - Commitment, Trust - Co-operation, Trust - Functional conflict, Trust - Uncertainty.	The association of trust with Commitment (+), co-operation (+), & uncertainty (-) is strong.
Ganesan (1994)	Trust-Buyer seller relationship.	Positive association.
Creed and Miles (1996)	Trust- Organisational performance	Trust ensures communication, information sharing and conflict management.
Zaheer et al. (1998)	Trust- Negotiation, Trust - Conflict, Trust - Performance	Inter-organisational trust is strongly associated with lowered costs of negotiation, conflict, and performance.
Miles et al. (2000)	Trust - Long range planning	Trust enhances collaborative innovation.
Svensson (2005)	Trust - Relationship	Trust develops fruitful relationship.
Gounaris (2005)	Trust - Commitment	Direct positive association exists.
Palmatier et al. (2006)	Trust - Expectation of continuity, Trust - Word of mouth, Trust - loyalty, Trust - Seller Objective performance, Trust - Co-operation.	The positive association of trust with co-operation and customer loyalty is very strong.
Palmatier et al. (2007)	Trust - Commitment, Trust- Co-operation, Trust - conflict, Trust - Sales growth, Trust - Overall financial performance.	The association of trust with Commitment (+), co-operation (+), and conflict (-) is strong.
Seppanen et al. (2007)	Literature Review on Trust	Inconsistencies in conceptualisation, operationalisation and measurement of trust exist.
Arnott (2007)	Literature Review on Trust	High-trust business relationships lead to more profits, buyer satisfaction, flexibility.
Kenning (2008)	Trust - Buying behaviour	Specific trust has a positive influence on buying behaviour like repeated purchase, size of shopping basket etc
Frasquet et al. (2008)	Trust - Commitment	Strongly co-related.
Laaksonen et al. (2008)	Trust - Inter firm relationship	Inter-organisational trust enhances the valuable resources of a buyer-seller relationship.
Beugelsdijk et al. (2009)	Trust -Relationship performance	Significant.

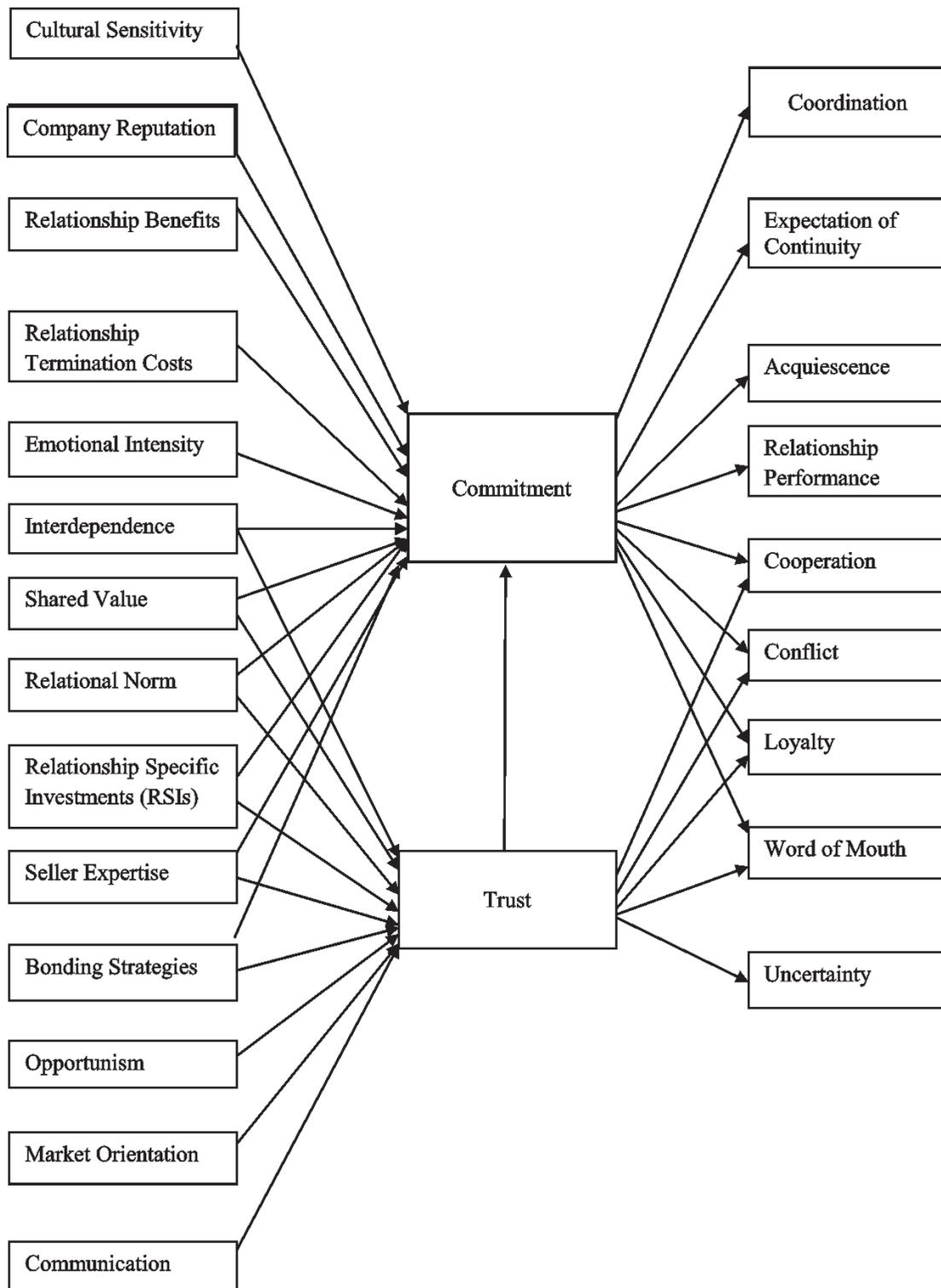
Note: '+' sign indicates positive relationship and '-' sign indicates negative relationship.

Table-4: Relevant Key Findings Regarding Consequences of Commitment

Author	Relationship	Relevant Key Findings
Moorman et al. (1992)	Commitment - Relationship	The association between commitment and relationship is strongly positive.
Anderson and Weitz (1992)	Commitment in distribution channels	The association of commitment with co-operation (+), satisfaction (+), conflict (-) and long-term relationship (+) is significant.
Morgan and Hunt (1994)	Commitment - Acquiescence, Commitment - Propensity to leave, Commitment - Co-operation	The association of commitment with acquiescence (+), co-operation (+), and propensity to leave (-) is strong.
Gundlach et al. (1995)	Commitment - Long term relationship	Significant positive association.
Skarmeas et al. (2002)	Commitment - Relationship performance	Significant positive association.
Gounaris (2005)	Commitment - Customer retention	Significantly positive.
Palmatier et al. (2006) Conflict	Commitment - Expectation of continuity, Commitment - Word of mouth, Commitment - Customer loyalty, Commitment - Seller objective performance, Commitment - Co-operation	The positive association of commitment with expectation of continuity, co-operation and customer loyalty is very strong.
Palmatier et al. (2007)	Commitment - Sales growth, Commitment - Co-operation, Commitment - Conflict, Commitment - Overall financial performance.	Commitment has strong positive association with all four outcomes.
Stanko et al. (2007)	Commitment - Buyer purchase behaviour.	The relationship is positive and highly significant.
Sindhav and Lusch (2008)	Commitment - Coordination	Coordination has a positive and significant relationship with commitment.

Note: '+' sign indicates positive relationship and '-' sign indicates negative relationship.

Figure 1: Key Antecedents and Consequences of Trust and Commitment in B2B Relationship



- Develop commitment to achieve higher levels of expectation of continuity, acquiescence, relationship performance, cooperation, loyalty, word of mouth, coordination and lower levels of conflict.
- Focus on higher levels of interdependence, shared values, relational norm, relationship specific investment (RSIs), seller expertise, communication, market orientation, bonding strategies and lower levels of opportunism to achieve higher levels of trust.
- Focus on higher levels of company reputation, cultural sensitivity, relationship benefits, relationship termination costs, interdependence, emotional intensity, shared values, relational norm, relationship specific investment (RSIs), and seller expertise to achieve higher levels of commitment.

Day and Montgomery (1999), Morgan and Strong (1997) suggested that firms could achieve sustainable competitive advantage and superior performance by better anticipating changing market conditions and responding to the current and prospective markets. Strong relationship between firms could be effective for better understanding of business buyers' needs and requirements. Marketers are very much concerned about how to increase productivity and effectiveness. Effective relationship offers significant opportunities to provide dynamic capability of a firm.

6. Limitations and Suggestions for Future Research

This study suffers from several limitations which should also be considered. The study outlines the importance of trust and commitment, and their antecedents and consequences in developing long-term relationship. It has been seen that influences of different antecedents on trust and commitment and the mediators on the consequences vary. But in this literature review it has not been discussed.

Trust differs by country and industry (Seppanen et al., 2007), and on the specific relationship marketing strategy and the exchange context (Palmatier et al., 2006) and the significance of inter-organisational relationship varies between companies and markets (Athanasopoulou, 2006). This literature review is based on prior empirical studies majority of which were based on the USA market; some are based on Netherlands,

United Kingdom, Canada, China, however these are very much limited in other parts of the world (Seppanen et al., 2007). Therefore, the antecedents and consequences of trust and commitment which are highlighted in this study might be more effective in the Western context and might not be directly generalisable in developing countries.

The model developed here is based on the articles/empirical studies that the author managed to collect or download. List of the articles used to do this study are mentioned later. Though a good number of articles were reviewed, this is not the exclusive list. There may be some other important studies which were overlooked and hence not reviewed. Hence further review based on more in-depth analysis might further develop the findings about antecedents and consequences of trust and commitment. Further research should identify some other antecedents and commitments. So Further research is recommended to confirm the findings of the study and the model developed.

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Partha P. Chowdhury teaches marketing at American International University-Bangladesh (AIUB), Dhaka, Bangladesh. His teaching and primary research interests are advanced marketing management, strategic marketing, consumer behaviour and relationship marketing. Prior to working in academia he acquired extensive marketing experience in different industrial sectors, mainly in the automotive sector. He was a member of the Institute of Motor Industry, UK. He is a member of The Chartered Institute of Marketing, UK and holds the status of Chartered Marketer. He is also a member of the Institute of Management Consultants, Bangladesh (IMCB).