Chapter 1

Introduction

The Origins of the Dissertation

This study focuses on the development of a scale to measure trust in consumer marketing-service relationships Thailand. The main intention is to establish an accurate measurement scale which can reflect the level of Thai consumer's trust. In doing so, the purposes are to avoid mistakes from using an unsuitable scale and also to provide the dimensions of an improved measurement scale which service providers can use as a guideline to gain a consumer's trust.

The origins of this study stem from reviewing literature in service marketing and relationship marketing. Researchers have indicated trust as a key factor in the establishment and maintenance of long-term and profitable relationships between service providers and their customers in a service exchange relationship (e.g.Schurr and Ozanne, 1985; Morgan and Hunt, 1994; Coulter and Coulter, 2002; Gounaris and Venetis, 2002; Spake, Beatty, Brockman, and Crutchfield, 2003; Chanthika, 2005; Flavian, Guinaliu, and Gurrea, 2006). This is because the presence of trust provides numerous advantages. Trust increases constructive dialogues, decreases cooperative problems (Pruitt, 1981), minimizes the sum of acquisition and possession costs (Bharadwaj and Matsuno, 2006), and lowers transaction costs (Hennig-Thurau, Gwinner, and Gremler, 2002; Kwon and Suh, 2004). Furthermore, trust increases customer loyalty (Chiou, Droge, and Hanvanich, 2002; Sirdeshmukh, Singh, and Sabol, 2002), maintains current customers (Halliday, 2004) and their relationship with service providers (Crosby, Evans, and Cowles, 1990; Barclay and Smith, 1997; Doney and Cannon, 1997; Coulter and Coulter, 2002). In addition, trust facilitates the exchange relationship (Schurr and Ozanne, 1985; Kelly and William, 2001; Gounaris and Venetis, 2002). Parasuraman, Zeithaml, and Berry (1985), who introduced the notion of trust in a service exchange relationship, suggested that customers should be able to trust their service providers in order to deal with them confidently.

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What is needed for researchers in marketing is a suitable measurement scale of trust in Asian business-to-consumer context. This will be explained in the next section.

Research Problems and Questions

Despite numerous studies in trust, there appears to be two important unexplored areas of research. First, the area of trust within business-to-consumer has remained inadequately researched (Ellen and Mark, 1999; Michela and Morris, 2001; Sirdeshmukh et al., 2002; Ranaweera and Prabhu, 2003). Ellen and Mark (1999) also found in their research that trust interacts differently with different kinds of customer. Trying to build a relationship with all customers without regard to the customers' relational orientation may be the reason of an unsuccessful implementation of trust in relationship marketing. Thus, a trust construct in business-to-consumer relationships is poorly researched and lacking contribution to the literature on trust (Ranaweera and Prabhu, 2003). Furthermore, prior studies have focused only on the consequences of trust by ignoring the factors and mechanisms which build or deplete consumer trust (Sirdeshmukh et al., 2002), so a prior trust scale might not be a completely accurate.

Second, because of a cultural differentiation between western countries and Asian countries, most scales which are developed in western countries can not be generalized to Asian countries (Doney and Cannon, 1997; Hennig-Thurau et al., 2002; Frewer and Miles, 2003; Spake et al., 2003; Thomas, K. and Dick, 2003; Jochen and Doreen, 2004; Li, Zheng Zhou, Lam, and Tse, 2006) . The major difference between eastern and western culture is individualism-collectivism (Hofstede, 1980). Collectivism focuses on conformity, harmony, and benefits to families or group members, but individualism focuses on individual needs, values, and goals (Liu, Dixon, and Murphy, 2002).This issue is confirmed by Netemeyer, Durvasula, and Lichtenstein (1991) who did research in a cross-national assessment of reliability and validity. They state that reliability and validity are important issues for obtaining accurate information; that "if the psychometric properties of a scale vary widely across countries, conclusions based on the scale may actually reflect artifacts due to unreliability and lack of validity" (p.320). Wilson and Brennan (2003) indicate that it

is very difficult to build trust among companies of a different origin. For example, trust in Chinese culture is built on personal relationships and involves socializing and working together, while a contract is a prominent factor to build trust in western culture (Jonathan and Ross, 2003; Dong-Jin, Sirgy, James, and Monroe Murphy, 2004).

In addition, Raajpoot (2004) identifies three sets of variables which affect consumer's evaluations in different cultures. These three dimensions include personal value, national cultural orientations, and socio-demographic factors. For instance, Chanthika (1998; 2002; 2004; 2005) has frequently researched the effect of cultural adaptation on perceived trustworthiness in business negotiation situations. The same results have been presented that high adaptation is perceived to indicate someone who is more trustworthy. She also indicates that native language leads to a higher level of perception of trustworthiness when Americans adapted to Thais, Japanese, People's Republic of China Chinese, Malaysians, and Indonesians. However, her studies do not focus on a trust scale and business-to-consumer relationship. Flavian et al. (2006) indicate that although a well-developed scale enables researchers to make generalizations, it might not be true for different nationalities. Therefore, in order to evaluate the Thai consumer's trust in service providers, the development of a new scale concerned with Thai culture is needed.

Consequently, this dissertation will attempt to develop a scale to measure Thai consumer's trust which helps customer service providers understand their collectivist consumers' trust, and to suggest the important dimensions of trust which can be used as a tool to gain the loyalty and commitment of customers. Moreover, this dissertation will provide a blueprint for other researchers in South-East Asian countries to develop similar consumer trust scales based on four main research questions which will be explained and clarified in this dissertation. The following questions relate to the previous theoretical gaps:

1. What are the dimensions of Thai consumer's trust in a business-to-consumer context?

2. Based on the first research question, which are the most important dimensions of trust for Thai consumers?

3. What are the antecedents of Thai consumer's trust?

4. What are the consequences of Thai consumer's trust?

When these research questions are completely answered, there should be a valuable contribution to understanding the consumer marketing service relationship within Thailand, perhaps also enabling a generalization about other South-East Asian countries.

Objectives of the Study

In order to find out the true scale of trust of Thai consumers to fulfill the theoretical gaps found from previous researches and to answer the research questions, this study has four main objectives:

1. To develop a consumer's trust scale (SERVTRUST) which can be widely used to measure a consumer marketing service relationship within Thailand.

2. To investigate the dimensions of trust that is important to Thai consumers.

3. To determine the antecedents of Thai consumer's trust.

4. To determine the consequences of Thai consumers' trust.

This study will investigate and detail the dimensions of trust which are suggested in the literature on service marketing and relationship marketing. These dimensions (e.g. benevolence, contractual, friendship, and signal) will be examined in this research to specify which dimensions represent Thai consumer's trust. Next, nomological validity will be tested in order to show the relationships between antecedents, a new consumer's trust scale, and results, as to whether the proposed measurement behaves as expected. Finally, this study attempts to provide the necessary steps in the procedure of the development of a scale that would be used as a guideline for further research within this area.

This study focused on a development of trust measurement scale within the business-to-consumer instead of business-to-business. There are two main reasons. First, as stated earlier that trust interacts differently with different kinds of customers, and the area of trust within business-to-consumer has remained inadequately researched (Ellen and Mark, 1999). Using the previous trust scale, which was developed in the context of business-to-business would be the cause of

unsuccessful implementation of trust to consumer oriented service providers. Moreover, because of the difference between the nature of business customers and individual customers, the previous trust scale does not represent the consumers' psychometric property which is needed to better understand consumer behavior. Thus, the scale to measure consumer's trust in a service provider is needed to be re-conceptualized and developed.

Contributions of the Dissertation

As mentioned in the previous section, this dissertation aims to provide at least five valuable contributions as follows:

First, because of the lack of research on trust in a business-to-consumer context (Ellen and Mark, 1999; Michela and Morris, 2001; Sirdeshmukh et al., 2002), this study will provide a new trust scale, hereafter referred to as SERVTRUST, to measure the dimensions of trust in this context. This will be benefit managers who work in customer service firms because they will be able to improve the level of their customer's trust in order to maintain and enhance customer's loyalty.

Second, SERVTRUST, which will be detailed in this study, can be used to measure the level of trust of Thai consumers in service providers. Although trust has been widely studied in western countries and some in Asian countries (Jonathan and Ross, 2003; Chanthika, 2005), it still needs to be adapted to consumers in collectivist cultures of Asian countries. According to Chanthika (2005) who studied the effect of cultural adaptation on perceived trustworthiness among business partners, trustworthiness is increased when cultural adaptation is done properly. She also states that collectivists may trust people who adapt to their situations more than others or vice-versa for individualists. This SERVTRUST will therefore be a useful tool for service providers to gain the trust of Thai consumers.

Third, assessment of construct validity, nomological validity in particular, will lead to understanding the relationship(s) between antecedent variables (which are the causes of trust), SERVTRUST, and consequent variables. This assessment will also show whether the SERVTRUST behaves as expected, leading to further

deductions, interpretations, and tests (Churchill, 1979; Malhotra, 1981) for better implementation.

Fourth, customer service providers will be informed of the exact dimensions of trust in a Thai business-to-consumer context. They can use these as a tool to gain their customer's loyalty and commitment, qualities built on trust which are very important for continuing and maintaining value customers in long-term relationships (Arjun and Morris, 2001). Consequently, it will be easier to gain customer loyalty and commitment if customer service providers know the exact ways or dimensions that make their customers trust them.

Finally, as suggested by several researchers (Doney and Cannon, 1997; Hennig-Thurau et al., 2002; Frewer and Miles, 2003; Spake et al., 2003), the study of trust in other cultures is needed in South-East Asian countries. Moreover, although all South-East Asian societies are collectivist, there will inevitably be such difference as language (Chanthika, 1999). Thus, this study can be used as a blue print for other South-East Asian countries to develop their own consumer trust scale in comparison to the results in Thailand.

Research Methodology

The study is designed as descriptive research in order to identify and describe a consumer's trust in service providers within the area of business-to-consumer service in Thailand. The data collection is a cross-sectional design which uses self-administered questionnaires to survey Thai consumers.

Because of its complexity, this study will be categorized into three stages: Stage I items generation, Stage II scale development, and Stage III scale evaluation (Churchill, 1979; Malhotra, 1981; Hinkin, 1995; Aaker, J. L., 1997; Tian, Bearden, and Hunter, 2001; DeVellis, 2003; Fornaciari, John, William, and Kathy Lund, 2005). In Stage I, items generation consists of three important tasks (specify the domains of the construct, develop the items, and refine the items). The domains or dimensions together with items will be generated from a literature review and will be discussed with an expert in marketing research. Following this, a questionnaire will be developed and pre-tested.

Stage II involves scale development. Exploratory Factor Analysis, EFA, will be done in order to identify the structure of a SERVTRUST scale among a set of variables as a data reduction method (Hair, Black, Anderson, Tatham, and Babin, 2006a). Cronbach's alpha, which indicates the reliability of the SERVTRUST scale, will be examined. Next, Confirmatory Factor Analysis, CFA, will be employed to test how well the measured variables represent the constructs (Hair et al., 2006a) which are the SERVTRUST and its antecedent and consequent variables. Then, convergent and discriminant validity of the constructs will be tested.

Finally, Stage III is an evaluation of the scale, using the same data as in Stage II. Structural Equation Modeling, SEM, which is a preferable technique for testing the structural model and measurement model, will be analyzed with LISREL software package (Hair, Anderson, Tatham, and Black, 1998). The analysis will show the model fit indices and other statistical values for hypotheses testing. Nomological validity will be examined as a final step. In order to assess the degree to which the measurements have behaved as expected, the SERVTRUST will be tested the relationship between its antecedents and consequences.

Outline of the Dissertation

This dissertation will be divided into eight chapters which cover all necessary elements as suggested by Perry (1998), Churchill(1979), Fornaciari et al. (2005), Hinkin (1995), and Devellis (2003). Although a structured approach to scale development is provided, some chapters are extended separately because this is a measurement thesis and not a general content thesis.

The first chapter introduces the origins of the dissertation. This chapter will present the dissertation's objectives, research problems and expected research contribution. It also provides the justification for the research, an overview of the research methodology, and definitions of the key constructs involved.

A literature review follows in chapter 2, focusing on trust in a consumer marketing service relationship, a focal construct in this dissertation. The review covers all relevant dimensions of trust, (including benevolence, confidentiality, contractual, credibility, experience, expertise, friendship, information sharing,

integrity, power, reliability, signal, and timeliness), antecedent variables, (communication, problem solving, service quality, and satisfaction), and consequence variables (commitment, and loyalty).

Chapter 3 presents the conceptual framework used for this study. It shows the proposed conceptual model and the relationships between antecedents and consequences. It also presents and discusses all research hypotheses.

Then, in chapter 4, the research methodology is explained. This is divided into three stages. Stage I describes the procedures of items generation. Stage II focuses on the scale development and stage III shows the evaluation of the scale. This chapter covers the research design, sampling plan, data collection, survey questionnaires and the operational definitions of the constructs.

The results of Stage I, which consist of items generation, item refinement and the pre-testing of the proposed items are presented in chapter 5. Chapter 6 shows the results of exploratory factor analysis together with confirmatory factor analysis. To evaluate the suggested scale in chapter 7, structural equation model and testing of hypotheses and nomological validity are presented.

Finally, the summary and implications of this research feature in chapter 8. Conclusions are made regarding research issues including a summary of problems. There is also discussion of the implications of this research for theory and practice. This chapter concludes by stating the limitations of the study and makes suggestions for further research on scale development and trust in consumer marketing service relationships.

Conclusion

As stated earlier, despite the fact that "trust" is indicated by many researchers as a key factor in a service exchange relationship, little research has been done in a business-to-consumer context in Southeast Asian countries. Consequently, this dissertation aims to establish a SERVTRUST measurement scale for measuring Thai consumer's trust in business-to-consumer service providers in Thailand. The contribution will be a new measurement scale of consumer trust, which should prove beneficial to service mangers and researchers.

This dissertation will follow the procedure of scale development suggested by Churchill (1979), DeVellis (2003), Hinkin (1995; 2005), and others. Hence, the study will be divided into three stages which are: items generation; scale development; and scale evaluation. Exploratory Factor Analysis, Confirmatory Factor Analysis, and Structural Equation Model will be utilized, with the data from a total sample of 400 Thai consumers in both health care and banking service industries. This thesis, comprising eight chapters, proposes an innovative SERVTRUST measurement scale and exemplifies the principles of thesis presentation suggested by Perry (1998), Churchill(1979), Fornaciari et al. (2005), Hinkin (1995), and Devellis (2003).