Chapter 2

Literature Review

Introduction

As suggested by Churchill(1979), Hinkin (1995), and Devellis (2003) all researched constructs should be well defined as a first step. This chapter presents the conceptual definitions of the main construct, “trust”, together with its antecedents and consequent variables. Firstly, the conceptual definition of trust is presented. From the definitions, the dimensions of trust are defined. Then, the proposed antecedent and consequent variables are presented, respectively.

Conceptual Definitions of Trust

Because of the importance, complexity, and various meanings of trust (Williamson and Craswell, 1993), several researchers have tried to offer both conceptual and operational definitions (Anderson, J. C. and Narus, 1990; Moorman, Zaltman, and Deshpande, 1992; Morgan and Hunt, 1994; Doney and Cannon, 1997; Ellen and Mark, 1999; Birgelen, Ruyter, and Wetzels, 2001; Chiou et al., 2002). However, trust is a context or situation specific (Atuahene-Gima and Li, 2002) and not a global trait (Zand, 1972; Kumar, 1996), so it might be difficult to generalize previous definitions to other contexts, including a consumer marketing service relationship (Ellen and Mark, 1999).

In general, trust is not only essential for interpersonal interaction in an ordinary purchase, but also in a close and friendly interpersonal relationship (Fleeson and Leicht, 2006). Deutsch (1958) indicates that an individual will have trust in the occurrence of an event if the expectation leads to behavior which is perceived to have greater negatively motivational consequences. So, he defines trust as “actions that increase one’s vulnerability to another” (Deutsch, 1962, p.275). Furthermore, Rotter (1967) defines trust as an expectation that another individual or group can be relied upon. From these definitions, trust is an expectation of one party to rely on another party for mutual prosperity.

Many researchers in business-to-business have defined trust as the partners' honesty and benevolence (Swan, Trawick, Rink, and Roberts, 1988; Ganesan, 1994; Kumar, Scheer, and Steenkamp, 1995; Doney and Cannon, 1997; Coulter and Coulter, 2002). For example, Walter, Mueller et al. (2005) define trust as “the customer's belief in the supplier's benevolence, honesty and competence to act in the best interest of the relationship in question” (p.3). According to this definition, "trust exists when a firm believes its partner is being honest and benevolent" (Kumar et al., 1995, p.351). The most frequently used definition of trust in business-to-business is defined by Moorman et al. (1992) in a market research relationship. They define trust as “a willingness to rely on an exchange partner in whom one has confidence” (p.315). Consistently, Morgan and Hunt (1994) define trust as “existing when one party has confidence in the exchange partner’s reliability and integrity” (p.23). From the above definitions, trust is a belief or expectation about a partner’s reliability and integrity on which they can rely (Ganesan, 1994).

From a consumers’ perspective, trust is viewed as the key criteria for successful relationships (Tax, Brown, and Chandrashekaran, 1998; Peter, Philip Hans, and Janny, 2002; Lucas, 2005). Few studies, however, have been done within the area (Ellen and Mark, 1999; Michela and Morris, 2001; Sirdeshmukh et al., 2002), and so there is little expansion of a business-to-business definition into other contexts of trust. Sirdeshmukh et al. (2002) define consumer trust as their expectations that the promises of a dependable service provider can be relied on, while Ellen and Mark (1999) view trust as the confidence in the quality and reliability of the service offered. These definitions concentrate on the consumer’s expectations that the service provider is dependable and reliable.

Research in sociology suggests that trust could be categorized into two dimensions, which are cognitive trust and emotional or affective trust (Dirks and Skarlicki, ; Lewis and Weigert, 1985). Cognitive trust reflects another party’s integrity or capability, while emotional trust reflects another party’s benevolence (Dirks and Skarlicki). However, other dimensions of trust are indicated such as humor, popularity (Rotter, 1967), openness, concern, care (Peters, Covello, and

McCallum, 1997), objectivity, faith and fairness (Renn and Levine, 1991). Likewise, Hovland et al. (1953) identified two psychological dimensions of trust in relation to the source of information: expertise and trustworthiness. They indicate that both dimensions have influence on attitude change after an individual has received information. In addition, Coleman (1990) and Deutsch (1958) suggest that uncertainty is critical to trust, because trust is unnecessary if the trusting partner can control an exchange partner's actions or has complete knowledge about those actions. Other literature on trust suggests that confidence on the part of the trusting party results from the belief that the trustworthy party is reliable and has high integrity, which are associated with such qualities as consistency, competence, honesty, fairness, responsibility, helpfulness, and benevolence (Rotter and Stein, 1971; Larzelere and Huston, 1980; Dwyer and LaGace, 1986).

Researchers in business-to-business marketing have treated trust as an unidimensional construct (Anderson, E. and Weitz, 1989; Anderson, J. C. and Narus, 1990; Moorman et al., 1992; Moorman, Deshpande, and Zaltman, 1993). However, Johnson (1999) indicates that trust is a multidimensional construct. The dimensions that have received considerable attention in the literature include: credibility (Parasuraman et al., 1985; Ganesan, 1994; Kumar et al., 1995; Doney and Cannon, 1997), expertise (Schurr and Ozanne, 1985; Anderson, J. C. and Narus, 1990; Moorman et al., 1993; Ganesan, 1994), timeliness, tactfulness, congeniality (Moorman et al., 1993), sincerity (Sullivan and Peterson, 1982; Moorman et al., 1993), stability (Ganesan, 1994), a buyer’s personality, salesperson’s characteristics, customer orientation (Swan et al., 1988), ability to customize solutions, promptness, reliability, empathy, politeness, and perceived similarity between a service representative and customer (Coulter and Coulter, 2002).

In addition, Hartley (2000) argued that good communication helps to build a trusted partnership in the automotive industry. Morgan and Hunt (1994) found that trust is positively associated with the extent to which the firms involved in the relation share the same values and timely information to solve disputes and align perceptions and expectations. The research by Sullivan and Peterson (1982) assessed trust by measuring sincerity, caution, efforts in establishing a relationship, equality, goal congruence, consistency, and expectations of cooperation, while Crosby et al.

(1990) added a competitive behavior in order to measure trust. Swan et al. (1984) reported that buyers determine satisfaction with a salesperson based on some attributes which directly related to trust components such as being friendly, having technical knowledge, understanding buyer problems, and the regularity of sales calls (Swan et al., 1988). In a recent study of the relationship between trust and commitment among supply chain management, Kwon and Shu (2004) found that a firm's trust in its supply chain partner is highly associated with the specific assets investment and behavioral uncertainty of both parties. They also found that information sharing reduces the level of behavior uncertainty, which in turn, improves the level of trust. However, these dimensions can be categorized into the distinctive domains which will be shown later.

Trust between a business and consumer mostly refers to business-to-business researchers such as Morgan and Hunt (1994), Moorman et al. (1993), Anderson and Weitz (1989), and Ganesan (1994). As a result, the dimensions of trust in a business-to-consumer relationship have been presented as a duplication of trust in a business-to-business context. The dimensions most often mentioned include reliability (Tax et al., 1998; Ellen and Mark, 1999; Chiou et al., 2002; Peter et al., 2002; Liden and Skalen, 2003; Colwell and Hogarth-Scott, 2004), dependability (Chiou et al., 2002; Sirdeshmukh et al., 2002; Colwell and Hogarth-Scott, 2004), integrity(Tax et al., 1998; Chiou et al., 2002; Ranaweera and Prabhu, 2003), honesty(Chiou et al., 2002; Harvir, Irving, and Shirley, 2004), benevolence (Sirdeshmukh et al., 2002; Colwell and Hogarth-Scott, 2004), credibility (Colwell and Hogarth-Scott, 2004), responsibility (Chiou et al., 2002), sincerity (Harvir et al., 2004), consistency (Ellen and Mark, 1999), problem-solving, and competency (Sirdeshmukh et al., 2002).

In summary, the various reported definitions and dimensions of trust claim that trust refers to a consumer's willingness to rely on the service provider because of the consumer's confidence in the reliability and integrity of the service provider (Moorman et al., 1992; Moorman et al., 1993; Morgan and Hunt, 1994). However, in order to establish trust, four necessary conditions have to be met. First, a buyer and a seller must be involved in the exchange process. Second, there should be at least two or more sellers in the exchange, because trust is unnecessary if a buyer doesn't have other alternatives. Third, the trusting party has to perceive a substantial uncertainty associated with the probability of a negative exchange and its consequences. Finally, the trusting partner has to be familiar with the trusted partner's subjective reputation, objective communication, and experience.

Dimensions of Trust

A review of the literature suggests that there are 13 distinct dimensions of trust: benevolence, confidentiality, contractual, credibility, experience, expertise, friendship, information sharing, integrity, power, reliability, signal, and timeliness.

Benevolent Trust

In business-to-business, several studies define benevolence as the belief that one partner is interested in the other party's welfare, is motivated to seek mutually beneficial gains, and will not take unexpected actions that will negatively affect the other partner (Kumar et al., 1995; Doney and Cannon, 1997; Thomas, L. B., Penny, and Judy, 1999; Atuahene-Gima and Li, 2002). Ganesan (1994) indicates that a benevolent partner has intentions and motives beneficial to others when uncommitted conditions arise. Furthermore, Atuahene-Gima (2002) reports that, in the context of inter-firm and inter-group, benevolence trust involves showing consideration and sensitivity for the other party's needs and interests by acting in a way that protects them, and away from taking advantage of the other party for the benefit of one's own interests. Davies and Prince (2005) indicate that "a proxy of agency benevolence has been measured by perceived diligence in constructively responding to problems and cooperation to help the client achieve their objectives" (p. 2).

In a business-to-consumer situation, Sirdeshmukh (2002) and Colwell et al. (2004) define benevolence as behaviors that reflect an underlying motivation to place the consumer's interest ahead of self-interest. Sirdeshmukh (2002) further indicates that benevolent behaviors show the evidence of trust because the service providers explicitly indicate to consumers that they are not self-serving opportunists (Flavian et al., 2006), and that they have a willingness to assume fiduciary responsibility. Consequently, he also suggests that benevolent behaviors and practices are often regarded as “extra-role” actions (p.18) that are performed at a cost to the service provider with or without commensurate benefits.

Confidential Trust

In a market research relationship, Moorman et al. (1993) define confidentiality as “the researcher's perceived willingness to keep proprietary research findings safe from the user's competitors” (p.84). They also indicate that confidentiality is an important dimension of trust in a business-to-business context, and from this, it can be concluded that confidentiality is one of the characteristics of trust between intelligent users and providers (Birgelen et al., 2001).

From the consumer research by Parasuraman et al. (1985), in order to conceptualize model of service quality, they indicate that privacy or confidentiality during a transaction is an extremely important attribute in every banking and security brokerage focus group. In patient-physician relationships, trust is defined as a multi-dimensional construct (Pearson and Raeke, 2000; Klostermann, Slap, Nebrig, Tivorsak, and Britto, 2005). Klostermann et al. (2005) indicate that confidentiality is one of the dimensions of trust and it is of more concern to adolescent patients. They suggest that in order to improve trust, the physician should ask for adolescence’s opinion about keeping their health information private and confidential.

In psychology, Corcoran (1988), Posey (1988), and Aguilar (1984) also confirm that confidentiality has a positive relationship with trust, and acts as a critical component as well.

Contractual trust

Research in business-to-business by Gilliland et al. (2002) indicates that contractual trust is an enforcement mechanism that the manufacturer relies on to maintain the relationship between a distributor and its prior promises. They also clarify that a contractual agreement could be explicitly written or implied in a non-written way with a mutual understanding to maintain the relationship among stakeholders. In a service business, guarantee is widely used as a contract to ensure a service provider's promises. Schurr and Ozanne (1985) indicate that a guarantee is a more explicit dimension of trust. In practice, a guarantee serves as an efficient customer bonding technique to reduce uncertainties of a relationship's outcome. Contractual trust will boost trust among participants in a business transaction (Gounaris and Venetis, 2002).

From a business-to-consumer perspective, contractual trust is presented in the form of a guarantee which should exist before trust develops as well (Cross and Smith, 1996). A service guarantee is also suggested as a powerful tool for attracting new customers as well as maintain the relationship with current ones (Jochen and Doreen, 2004). For example, McDonald's, a fast food restaurant chain, guarantees that customers will be served within a minute. If not, the customer will receive special treatment. Hewlett-Packard, a computer service provider, gives at least a year's guarantee for all their products. These business practices are meant to build trust of a service provider because their customers increase certainty about the outcome of the exchange. However, some service firms are reluctant to implement service guarantees because of fear of opportunistic customers (Jochen and Doreen, 2004).

Credible Trust

On the nature of trust in a business-to-business relationship, credibility can be defined as the extent to which one party is capable of determining another party's ability to meet its obligations (Doney and Cannon, 1997; Thomas, L. B. et al., 1999). They also indicate that an exchange partners' credibility is the first dimension of trust that should be focused on. This is entirely consistent with the previous research of Kumar et al. (1995) which indicates that credibility as an important part of trust. Doney and Cannon (1997) also conclude that supplier firms and salespeople deemed to be trustworthy will be considered credible sources and should be more successful in influencing the supplier's selection decision than less trustworthy suppliers and salespeople. This is because credibility enhances persuasion.

In a business-to-consumer situation, Ohanian (1990) defines credibility in terms of source credibility as “a term commonly used to imply a communicator’s positive characteristics that affect the receiver’s acceptance of a message” (p.41). He also argues that the dimensions of credibility are not consistent among authors. Parasuraman et al. (1985) suggest two dimensions of credibility: believability and honesty. Moreover, many studies in source credibility indicate that it includes the dimensions of safety, qualification, dynamism (Berlo, Lemert, and Merts, 1969), objectivity (Whitehead, 1968), and authoritativeness (McCroskey, 1966). These dimensions exemplify how credibility is considered a crucial part of trust in a business-to-consumer situation (Colwell and Hogarth-Scott, 2004).

Experiential Trust

For the relationship in business-to-business, experience is another basis for a buyer’s belief about a seller’s trustworthiness (Schurr and Ozanne, 1985). Positive experiences with a salesperson over time help to build a trusting relationship (Milliman and Fugate, 1988). Berry (1995) proposed that customers tend to maintain relationships when they are developed trust, based on their experiences with a service supplier. In marketing channel management, Ganesan (1994) found that experience with a channel partner builds trust and increases with time in the relationship (Anderson, E. and Weitz, 1989). Consistent with the discussion of Doney and Cannon (1997) describe that repeated interaction helps a party better predict the outcome of a relationship and leads to the growing of trust. Dwyer et al. (1987) indicate that as the experience with the vendor increases, the dyad is more likely to have passed through critical shake-out periods in the relationship. Such periods provide both parties with a greater understanding of each other and their unusual behavior. Thus, Ganesan (1994) concludes that a favorable experience with the vendor is likely to increase a retailer's trust in the vendor's credibility and benevolence.

Experience is more important in a business-to-consumer situation, particularly in the entertainment service area. Addis (2001) indicates that experience is at the heart of entertainment services such as those of the Walt Disney company. So they conclude that an exchange experience is a long-term asset that maintains the relationship, trust in particular. However, Trawick and Swan (1981) argue that sometimes trust could not happen through experience because customers may not have the ability to forecast the exact service outcome before buying it or even after experiencing it (Chiou et al., 2002). In health care services, Parker et al. (1995) noted that consumers probably have a conception of these services by virtue of their participation in the culture, and their exposure to the mass media without any direct contact with a health care service provider. Moreover, in a study of trust in China (Liu et al., 2002) it was reported that the past and present experience of the consumer is essential for initiating trust.

Expert Trust

In a business-to-business situation, expertise is a crucial foundation for trust (Moorman et al., 1993). Moorman et al. (1993) also define expertise in a market research relationship as "a researcher's perceived knowledge and technical competence". They also suggest that expertise should be discriminated from technical competence in two ways. Firstly, although it is generally comprehended that technical errors can happen honestly, breaches of trust are generally viewed as errors of omission. Secondly, "technical competence can be observed and assessed much more readily than can acts based in trust" (p.83). Furthermore, Doney and Cannon (1997) find that salesperson expertise is a significant predictor of the buyer's trust in the salesperson. They suggest that salesperson expertise builds trust by increasing a partner's confidence that a salesperson is able to deliver his or her promises.

In a business to consumer relationship, Crosby et al. (1990), suggest that perceived expertise is a significant predictor of trust, while Hovland et al. (1953) define expertise in communication as perception that a communicator is a source of valid assertions. Ohanian (1990) refers to the definition of expertise by Hovland et al. (1953) as authoritativeness, competence, expertness, and qualification. Moreover, Raven and Krunglanski (1970) explained that the expert power of A over B increases to the extent to which B has more knowledge or ability than A, and consequently there is a high degree of trust. Operationally, the consumer perceives a service provider's expertise by evaluating his/her knowledge, competence, authority, ability, expertise, and qualification.

Friendly Trust

Because of the intangibility of services, in a business-to-business situation, a client cannot objectively evaluate the quality of services they have received. Thus, it would be easier to evaluate and decide whether the service provider can be trusted if a client and service provider individually know each other at the early stages of the relationship. This is known as "social bonds" (Gounaris and Venetis, 2002, p. 642). Moreover, Thailand is considered as a collectivist society, where a close relationship is high respected (Abe, 2004). Service providers are therefore trusted more if they and their clients have a close relationship.

In business-to-consumer service firms, Hennig-Thurau et al. (2002) suggest that a manager of such a firm should encourage their employees to build social relationships, friendships in particular, with customers in order to avoid negative customer reaction. This includes the provision of emotional support, the respectful handling of customers' privacy affairs, and being tolerant of other friendships as well. Mattila et al. (2001) also indicate that customers seek social benefits such as friendship from a relationship with a service provider. As a result, service providers might be trusted if they can create a friendly relationship with their customers.

Information Shared Trust

Information has been widely acknowledged as an important element for effective decision making in a business-to-business relationship (Naveh and Halevy, 2000; Birgelen et al., 2001). Information sharing has therefore been underscored as the most important factor for successful relationship management, trust in particular (Bowersox, Closs, and Stank, 2000; Birgelen et al., 2001; Handfield and Bechtel, 2002). Doney and Cannon (1997) indicate that information sharing involves the extent to which suppliers share private information with their customers. They also suggest that buyers will trust suppliers that share confidential information, because of risk and a substantial investment in dealing with a supplier. In contrast, buyers who believe their suppliers cannot be trusted are more likely to behave in an untrustworthy manner by passing along this information to others (John, 1984). Strub and Priest (1976) indicate that the extent to which a supplier shares information with a buyer also provides a signal of “good faith” to the buyer. So a disclosure pattern is used to establish trust by providing tangible evidence to show the supplier’s willingness to make itself vulnerable.

From a consumer’s perspective, information sharing implies the level of relationship intimacy and the level of trust as well (Havard, 2003). This is consistent with the research of Nexhmi et al. (2003), who suggest that information sharing provides more reliability and trustworthiness of banking services. Veronica and Inger (2002) also indicate that information sharing is vital for the development of trust in business-to-consumer service firms.

Integrity Trust

In a business-to-business situation, Moorman et al. (1993) define integrity in a market research relationship as “a researcher's perceived unwillingness to sacrifice ethical standards to achieve individual or organizational objectives” (p.84) Prior studies indicate the relationship between integrity and trust. For instance, Birgelen et al. (2001) indicate that integrity is the characteristic of trust. Again, Moorman et al. (1993) conclude that users tend to trust researchers who demonstrate integrity because they can expect researchers to adhere to higher standards and thereby remain more objective throughout the research process.

In a business-to-consumer relationship, integrity is indicated as a key dimension of trust (Hennig-Thurau, Markus, and Ursula, 2001; Chiou et al., 2002; Hennig-Thurau et al., 2002). The studies by Hennig-Thurau and colleges confirm that a service provider will be trusted if a customer perceives it to have a high degree of integrity (Hennig-Thurau et al., 2002). An example would be the trust that students have in a university because of its high degree of integrity (Hennig-Thurau et al., 2001). In general, Deutsch (1958) believes that integrity is as expected as personal characteristics which are “the strength of internalized value in regard to responsibility, the ability to prevent or resolve conflict in responsibility, and the ability to take the goals of others as a goal of one’s own” (p.288)

Powerful Trust

Power in a business-to-business situation is defined as the buyer’s belief that the salesperson is capable of providing the buyer with outcomes that match those the salesperson says or promises (Doney and Cannon, 1997). Therefore, power can increase trust in the salesperson by his or her capability (Doney and Cannon, 1997). In a market research relationship, Moorman et al. (1993) find that when a researcher has a high level of power in an organization, trust of the researcher is also high. Further to the previous research of Terawatanavong and Quazi (2006), the effects of trust on business to business or B2B cooperation in a collectivist culture is stronger than in an individualist culture.

In the case of a business-to-consumer situation, Swan and Nolan (1985) explain that if a buyer believes that a salesperson, who promises to expedite an order, lacks control over the organizational resources needed to fulfill the promise, the buyer might not rely on him or her. In sum, trust exists when the power between partners in a relationship is unbalanced. According to social exchange theory, an unbalance of power occurs due to one party’s ability to control the activities of another party (Kelly and William, 2001).

Reliable Trust

Research on business-to-business relationships indicates that overall trust in a service provider is significantly related to the reliability of that provider (Swan et al., 1988; Coulter and Coulter, 2002; Kwon and Suh, 2004). Coulter and Coulter (2002) also indicate that as the service relationship continues over time, the impact of reliability on trust will increase as well. In the interviews with 33 top managers, Kramer and Thomas (1996) found that reliability was one of the four dimensions of trust. They indicated that the trustworthiness of business partners have been obviously defined in terms of their reliability.

In addition, research in a business-to-consumer relationship defines reliability as the delivery of a product, goods or services in a dependable and timely manner (Parasuraman et al., 1985). Reliability is often considered an element of trust among individuals, and it is generally implied to be "the willingness to put oneself at the risk of the actions of another" (Colwell and Hogarth-Scott, 2004, p.387). This definition is also employed to describe trust in the relationship between manager and employee (Gregory, 1997). Reliability or behavioral consistency is indicated by researchers as an important dimension of trust because it will increase the employee's willingness to work with a consistent or reliable manager (Whitener, Brodt, Korsgaard, and Werner, 1998). Reliability is the concept of cognitive trust (McAllister, 1995). In retail banking services, cognitive or reliable transactional trust shows the ability of the bank to accurately handle their business (Colwell and Hogarth-Scott, 2004).

Signed Trust

From business-to-business's perspective, signal is a clue to indicate that the service provider can be trusted. Doney and Cannon (1997) indicate that both the overall supplier's size, and its market share position, provides a signal to the buyer that it can be trusted. Through the process of transference, they also explain that a buyer could draw on the experiences of others to infer whether the supplier can be trusted. The overall size of firm and market share indicate that a supplier is trusted by its customers and would not act in a way that would be detrimental to its sales volume (Hill, C. W. L., 1990). Reputation is another source of trustworthiness that the clients seek in their relationship with their suppliers (Davies and Prince, 2005).

Consumers use this signal trust in case of lacking information or experience of a service provider (McKnigh, Larry, and Chervany, 1998; Huff, 2005). Unit grouping, stereotyping, and situational normality are the three types of cues or signal that the consumer will use in evaluating trust when lacking information (McKnigh et al., 1998). In addition, empathy might be a signal of trust in a business-to-consumer context, which is defined by Parasuraman et al. (1985) as the degree to which a service provider possesses a warm considerate and caring attitude. Because of intangibility of the service itself, physical structure and service brand are the other two factors which are suggested as a cue in a consumers' purchase decision (Kotler, 2000; Michael, K. B., Brian, and Julia, 2005). Furthermore, "signal investment" (Jagdip and Deepak, 2000, p. 156) can be employed to increase the performance expectations of consumers. The signal investment includes buildings, logos, advertising, and other servicescape (Boulding and Kirmani, 1993). These factors could be used as a signal to determine whether a service provider can be trusted.

Timely Trust

For a business-to-business situation, timeliness is a crucial part of trust development (Gounaris and Venetis, 2002). In a market research relationship, Moorman et al. (1993) define timeliness as "a researcher's perceived efficiency in responding to user needs." It involves paying bills on time, sending requested information or materials in a timely manner, and providing feedback within a reasonable time period (Austin, 1991). These will enhance the experience between the parties to know what they can expect from each other (Lewicki and Bunker, 1995).

In practice, consumers might prefer a service provider who can satisfy their needs in a timely fashion. For example, online consumers emphasize timeliness of information delivered as a pivotal function of online business (Zafar, Rohit, and Roger, 2003). Furthermore, in the research of organizational response to customer complaints, timeliness or the speed with which the organization responds to a complaint, has a positive effect on attitude and satisfaction (Moshe, 2003) and might affect trust as well. Although timeliness is rarely studied as one of the dimensions of trust, this study intends to test the importance of this construct.

Antecedents of Trust

From the literature reviewed, as many as 20 causes are defined as antecedents of trust. However, these causes distinctively differ from the above domains which are extremely necessary to build trust in the beginning of an exchange relationship. Trust will not occur if the trusted partner cannot present these domains. In contrast, trust still exists whether or not the causes are presented because trust is not built by the causes. In addition to the existence of the causes, they will direct or influence the way of development of existing trust.

The author categorizes the antecedents of trust as individual characteristics, seller characteristics, and antecedent states. Individual characteristics are those features of an individual consumer; i.e. their dependability, vulnerability, and satisfaction, which affect their evaluation of trust. On the other hand, seller characteristics are those of the service providers themselves; i.e. their sincerity, quality, and selling ability, which are used as the criteria in assessing their trustworthiness by consumers. Finally, antecedent states are the precursors of trust, such as communication, which are present before others. Without a service encounter, consumers could make a decision as to whether the service provider can be trusted or not based on only antecedent states.

However, this study selected only four causes, which are empirically and theoretically proposed as the most important factors affecting trust. Because few individual characteristics and antecedent states are mentioned in the literature compared with seller characteristics, only one individual characteristic (satisfaction) and one antecedent state (communication) are presented. For communication, it is presented as a significant predictor of trust in the commitment-trust model of Morgan and Hunt (1994) which is used as the base model for this study. As well as satisfaction, Ellen and Mark (1999) insisted its role as antecedents of trust in their commitment-trust model. The other two antecedents of trust (problem-solving, and quality of the service) are drawn from seller characteristics. Problem-solving is proposed as an important criterion to consumer assessment of trust, but its role has not been examined in most trust research to date (Sirdeshmukh et al., 2002). Thus, it will be a great contribution of this study to confirm the role of problem-solving as the antecedent of trust. Finally, quality of the service is incorporated into this study because Gaby and Josee (2004) insisted its relationship with trust in health care service providers that is one of the two target service industries of this research (this research focuses on health care and banking service industries).

Communication

A major antecedent of trust in business-to-business service marketing is communication (Morgan and Hunt, 1994), which Anderson and Narus (1990) defined as "the formal as well as informal sharing of meaningful and timely information between firms" (p.44). In marketing channel management, communication is the heart of the relationship by acting as a bond between customers and firms (Mohr, J. and Nevin, 1990; Michela and Morris, 2001). Thus, communication positively influences trust by resolving disagreement between customers and firms (Cote and Latham, 2004), resolving disputes (Eisenberg and HL., 1993; Das and Bs, 1998), reducing role ambiguity (Sigh and GK., 1991), providing cues for interpreting and understanding exchange partner’s behavior and motivations (Dyer and W., 2000), and correcting their perceptions and expectations (Etgar, 1979). This is entirely consistent with the research of Morgan and Hunt (1994) who posit that relevant, timely, and reliable communication would result in greater trust. However, for effective communication, what must be clear are the party’s intention, expectation, planned reaction, and the outcome of the relationship.

In business-to-consumer service marketing, Addis and Holbrook (2001) indicate that communication “lies at the heart of relations between customers and firms” (p.56). However Spake et al. (2003) argued that communication would be ended if another party feels uncomfortable. They also confirm the importance of communication as an antecedent of trust. This is consistent with the prior research by Deutsch (1958) who presents evidence that communication will establish trust based on four basic features of a co-operative expression of intention, expectation, reaction, and restoration.

Problem-solving

From the research in business-to-business service marketing, problem-solving is proposed as the purpose of negotiation in order to get the best deal for both sides. From this, finally, trust would be developed (Oikawa and Tanner, 1992). It is referred to the ability to handle productively any disagreement between exchange partners (Claro and Claro, 2004). In international joint ventures research, for example, it is indicated that problem solving relates to the relational contextual variables, including trust, as well (Xiaohua and Charlie, 2002).

From the research in business-to-consumer service marketing, problem-solving is defined as the consumer's evaluation of the service provider's ability to resolve problems that may arise during and after a service exchange. In fact, in the area of services, fairness in problem solving is proposed as an important criterion to consumer assessment of trust. It is also indicated that trust in service providers depends on their ability to handle problems the first-time they are experienced (Tax et al., 1998). Despite this, the role of problem solving has not been examined in most trust research to date (Sirdeshmukh et al., 2002).

Quality of the Service

Because of the growing interest in relationships in business-to-business service encounters, determinants for service quality are needed (Westbrook and Peterson, 1998). Birgelen et al. (2001) indicate that quality of service is the customer's evaluation of a service provider's service standard when it is compared to others. They also found that there are three dimensions of service quality including quality of content, quality of form, and action-ability of information, all of which have a positive relationship with trust.

In a business-to-consumer relationship as well, company and employee service quality positively affect consumers' trust in service providers (Chiou et al., 2002). For example, in health care, quality of service is mentioned to have a relationship with trust, and acts as the driver of the relationship commitment (Gaby and Josee, 2004). Hong-bumm et al. (2003) indicate that there are four significant aspects of service quality. These are, of course, good service quality and also modern-looking equipment, neat staff appearance, and well-mannered staff. Alternatively, Parasuraman et al. (1988) suggest these five dimensions; tangibles, reliability, responsiveness, assurance, and empathy, for measuring consumer perceptions of service quality.

Satisfaction

For a business-to-business relationship, satisfaction is an important function to establish a long-term relationship and can be described as a customer's cognitive and affective evaluation of a specific service provider (Birgelen et al., 2001). In a channel relationship, satisfaction is indicated as the fundamental aspect of the relationship among channel members (Ruekert and Gilbert, 1984). Gounaris (2002) indicates that trust is influenced by satisfaction with the past exchanges. This is supported by other researchers such as Kwon (2004), Walter, Mueller et al. (2005) and Ganesan (1994). In brief, Kwon and Shu (2004) conclude that an increase in customer satisfaction will enhance customer trust.

Oliver (1996) defines satisfaction as “the customer response. It’s a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under-or over-fulfillment” (p.13). Furthermore, in a business-to-consumer context, satisfaction is defined as a pleasurable fulfillment (Chiou et al., 2002). Ellen and Mark (1999) identify the most two influential dimensions of satisfaction which are cumulative satisfaction (an overall satisfaction evaluated through the past consumption experience), and transaction-specific satisfaction (an immediate evaluation of the most recent transaction experience). Satisfaction is considered to be a focal concept in the marketing literature (Bloemer and Odekerken-Schroder, 2002). Moreover, prior research in the customer services industry shows that trust is positively affected by overall satisfaction (Jirawat, 2003).

Consequences of Trust

In the service relationship exchange, customer loyalty and commitment are the favorable outcomes that service providers want to gain from the relationship. All of these key constructs are both directly and indirectly influenced by customer trust, which is the focal construct in this study.

Commitment

Commitment is central to relationship marketing in a business-to-business service encounter because it maintains a relationship between customer and provider (Morgan and Hunt, 1994). It is at the stage of the service encounter when both parties commit to each other (Garver and Flint, 1995). Moorman et al. (1992), define commitment as “an enduring desire to maintain a value relationship.” Anderson and Weitz (1992, p. 19) indicate that commitment has three facets: “a desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and confidence in the stability of the relationship.” In addition, commitment entails three components: instrumental component, attitudinal component, and temporal dimension (Gundlach, Achrol, and Mentzer, 1995). The recent research indicates that the main factor driving relational commitment is a trust/distrust component (Fruchter and Sigu, 2004). In contributing to this view, Moorman et al. (1992) and Morgan and Hunt (1994) find that trust leads to commitment in a business-to-business relationship.

In a business-to-consumer situation, commitment is defined as “customer psychological attachment, concerning with future welfare, identification, and pride in being associated with the organization” (Ellen and Mark, 1999, p.73). Tax et al. (1998) clarifies that maintaining a relationship is a focal point of the definitions of commitment. Commitment therefore features as an important part of continuing and maintaining the relationship which is created by trust. As a result of this, trust should lead to commitment (Arjun and Morris, 2001; Bloemer and Odekerken-Schroder, 2002; Chaudhuri and Holbrook, 2002; Spake et al., 2003).

Loyalty

From the service providers’ perspective, loyalty is a means to maintain current customers, and acts as an important barrier to market entry for new competitors (Fahri, 2002; Evert, 2004). Torsten and Susasn (2003) define loyalty as “repeat purchase behavior and positive word of mouth which in turn results in increased sales and eases the ability to attract new customers" (p.624). However, they indicate that its concept is not well researched in a business-to-business context.

From the consumers' perspective, loyalty is an important consequence of trust because it maintains a created value and the relationship (Arjun and Morris, 2001). In a marketing relationship, it is presented as a primary goal (Sheth, 1996) since retaining a loyal customer is less expensive than gaining a new one (Hennig-Thurau et al., 2002). Loyalty "focuses on a customer's repeat purchase behavior that is triggered by a marketer's activities" (Hennig-Thurau et al., 2002, p.231), and it reflects the customer trust (Francis and Jamie, 2002). Dick and Basu (1994) indicate that loyalty has two dimensions: attitude and behavior. Furthermore, four characteristics (repeat purchasing, cross service purchasing, referral active, and immune to competition) are identified as characteristics of a loyal customer (Pugh, 1991). Francis and Jamie (2002) also emphasize that service providers have to deliver advantages not provided by competitors to gain a customer's loyalty. The literature suggests that loyalty, both attitudinal and behavioral, is both a cause and consequence of trust (Arjun and Morris, 2001; Chiou et al., 2002).

Conclusion

In this study, "trust" refers to a consumer's willingness to rely on the service provider because of the consumer's confidence in the reliability and integrity of the service provider (Moorman et al., 1992; Moorman et al., 1993; Morgan and Hunt, 1994). Trust can be divided into 13 dimensions: benevolence, confidentiality, contractual, credibility, experience, expertise, friendship, information sharing, integrity, power, reliability, signal, and timeliness. Moreover, four antecedents (communication, problem solving, service quality, and satisfaction) and two consequences (commitment and loyalty) of trust were explained. Each construct has been defined from all possible perspectives, business-to-business and business-to-consumer in particular.