

# RELATIONSHIP STRENGTH AND QUALITY IN INDUSTRIAL SERVICES: A GLOBAL EMPIRICAL STUDY

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## ABSTRACT

This paper presents the results of an empirical study that examines factors driving relationship strength and relationship quality between buyers and suppliers of industrial services. The primary objective of the study is to develop an explanatory model anchored on relationship strength that is comprehensive and globally relevant, while reflecting both the instrumental/economic and relational determinants of strength. The choice of relationship strength and quality is made because of their well documented ties to buyer patronage and relationship profits. Yet despite the attention paid to the subject, little empirical research has been devoted to understanding what drives these outcomes. Of the existing studies, few examine enough variables and their interrelationships to provide marketing practitioners with a useful, predictive model. Moreover, the direction of research is guided by independent theoretical frameworks. One strain of literature suggests that researchers frame their models along economic or instrumental dimensions while another argues for models to be anchored on relational factors. As a result, studies in this area are fragmented across multiple literature domains.

In this paper, the authors investigate the joint effects of instrumental/economic and relational factors driving relationship strength and quality. Relationship strength, in this case, is measured along dimensions of a buyers' propensity to remain in a relationship, its willingness to invest in a relationship, and its resistance to search for alternatives. Using structural equation modeling, a well fit model demonstrated the degree to which relationship strength and quality are influenced by their proposed antecedents. The model shows that strength is largely influenced by the buyer's sentiments of allegiance along with a confidence that the supplier will work on the supplier's behalf and a sense of satisfaction that the supplier lives up to expectations. Collectively, these perceptions represent the affective commitment, trust and satisfaction dimensions of relationship quality. Further evidence is also given that social bonds serve as a form of psychological exit barrier that ties buyers to the service provider (i.e., builds relationship strength).

Among the instrumental variables, perceived value had a minor direct influence on relationship strength. The study demonstrates that in addition to their affective assessments of relationship quality and bonds, buyers will rationalize whether the value perceived from a supplier's offer exceeds that of alternatives. Contrary to expectations, however, the anticipation of high switching costs as reflected under calculative commitment had no influence on relationship strength. Coupled with the relatively minor influence that value has on strength, this finding suggests that a buyer's propensity to remain is influenced more by interpersonal assessments and socio-sentimental attachments than by cost/benefit evidence from a supplier's offer and performance history. On the other hand, the study demonstrates that instrumental/economic factors have a greater influence on a buyer's perception of relationship quality. For example, relationship quality is far more influenced by service quality and perceived value than by social bonds, relationship investments and communications openness. Collectively, these findings would suggest that buyers of industrial services may first formulate cognitive assessments based on a supplier's track record and offer proposition. The choice to continue with the supplier is then heavily influenced by the accumulation of affective assessments as reflected in the social bonds and relationship quality perceived over time.

As a secondary objective of the study, the model was tested across 202 buyers of aviation component repairs from 42 countries so as to address the cross-national limitations cited in the literature. The wide range of nation cultures and economic development further permitted the exploratory examination of buyer nation wealth as an instrumental determinant. The analysis demonstrates that the wealth of a buyer's nation of operation is indeed a harbinger of calculative commitment (an instrumental factor) and social bonds (a relational factor). The negative influence that wealth has on calculative commitment is not unexpected given the high correlation found between wealth and individualism in Hofstede (2001) studies, along with the cross-cultural studies that attribute a buyer's economic orientations to national individualism. Similarly, the positive influence that wealth has on social bonds is consistent with claims that collective nations (mostly of low economic development) place a greater emphasis on relational factors when compared to their wealthy nation counterparts.

The study results are encouraging in their support of referenced theories underpinning relationship strength. Over two-thirds of the explained variance for relationship strength is accounted for by relationship quality, bonds and perceived value, thereby validating the notion that relationship strength is derived from instrumental/economic and relational assessments.

References available upon request